



UNITED STATES BANKRUPTCY COURT

DISTRICT OF VERMONT

IN RE:)	
)	
RUTLAND FIRE CLAY COMPANY,)	
d/b/a Rutland Products)	Case No. 99-11390-cab
RUTLAND, INC.)	Case No. 99-11391-cab
d/b/a Rutland Products,)	<i>Jointly Administered</i>
d/b/a Rutland Inc. of Illinois)	Chapter 11 proceeding
)	
Debtors in Possession.)	

**FIRST AMENDED DISCLOSURE STATEMENT REGARDING
FIRST AMENDED JOINT PLAN OF REORGANIZATION OF
RUTLAND FIRE CLAY COMPANY AND RUTLAND, INC.
October 13, 2000**

Prepared and Submitted by:
Rutland Fire Clay Company and
Rutland, Inc.
Debtors in Possession

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RUTLAND FIRE CLAY COMPANY AND RUTLAND, INC.
October 16, 2000**

I. INTRODUCTION

Rutland Fire Clay Company and Rutland, Inc., as debtors and debtors in possession (collectively, "Rutland," the "Debtors," or the "Company"), submit this Disclosure Statement (the "Disclosure Statement") pursuant to section 1125 of title 11 of the United States Code (the "Bankruptcy Code") to its creditors and shareholders in connection with the solicitation of acceptances of its Plan of Reorganization dated September 1, 2000, as the same may be amended from time to time (the "Plan") filed by the Debtor with the United States Bankruptcy Court for the District of Vermont (the "Court"). A copy of the Plan is enclosed and is deemed to be **Exhibit 1** to this Disclosure Statement (except for Class 4 Claimants who will receive a copy of the Court-approved Plan Summary in lieu of the full text of the Plan).

On October 13, 2000, after notice and a hearing, the Court approved this Disclosure Statement as containing information of a kind and in sufficient detail, adequate to enable hypothetical, reasonable investors typical of the creditors and shareholders whose votes are being solicited to make an informed judgment as to whether to accept or reject the Plan. Copies of the Order approving this Disclosure Statement are on file with the Clerk's Office of the Bankruptcy Court, and are available for review by Internet access at <http://www.vtb.uscourts.gov/>. HOWEVER, APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION OF THE COURT AS TO THE FAIRNESS OR THE MERITS OF THE PLAN.

On October 13, 2000, after notice and a hearing, the Court entered an Order approving this Disclosure Statement, approving the voting procedures motion and approving distribution of the Plan Summary to Class 4 Claimants (the "Voting Procedures Order"), which, among other things, designates which claimants are entitled to vote on the Plan and establishes other procedures for the solicitation and tabulation of Class 4 Special Ballots. Copies of the Voting Procedures Order and the related voting procedures motion are included with this Disclosure Statement for distribution.

EACH CREDITOR ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE CASTING A BALLOT AND/OR A CLASS 4 SPECIAL BALLOT. IN ORDER TO HAVE YOUR VOTE COUNTED, YOU MUST COMPLETE AND MAIL THE ENCLOSED BALLOT AND/OR CLASS 4 SPECIAL BALLOT TO THE ADDRESS SET FORTH THEREON SO THAT IT IS RECEIVED BY 5:00 P.M. EASTERN TIME ON NOVEMBER 14, 2000 (THE "VOTING

DEADLINE"). YOU MUST COMPLETE THE BALLOT AND INDICATE EITHER YOUR ACCEPTANCE OR REJECTION OF THE PLAN. ANY COMPLETED BALLOTS AND CLASS 4 SPECIAL BALLOTS THAT ARE RECEIVED PRIOR TO THE VOTING DEADLINE THAT DO NOT INDICATE EITHER AN ACCEPTANCE OR A REJECTION OF THE PLAN MAY BE DEEMED TO CONSTITUTE AN ACCEPTANCE.

EACH SHAREHOLDER (DEFINED IN THE PLAN AS AN INTEREST HOLDER) IS CONCLUSIVELY PRESUMED TO HAVE REJECTED THE PLAN PURSUANT TO SECTION 1126(g) OF THE BANKRUPTCY CODE BECAUSE THE PLAN EXTINGUISHES ALL EQUITY INTERESTS WITHOUT PAYMENT OR DISTRIBUTION. THE DEBTORS ACKNOWLEDGE AND ADMIT IN LIGHT OF THE EXISTENCE OF APPROXIMATELY 37,000 ASBESTOS RELATED LAWSUITS PENDING ON THE PETITION DATE AND THE EXPECTATION OF THE ASSERTION OF TENS OF THOUSANDS OF ADDITIONAL ASBESTOS RELATED CLAIMS AND ITS PRIOR EXPERIENCE IN LITIGATING AND SETTLING ASBESTOS RELATED CLAIMS THAT THE DEBTOR CORPORATIONS ARE INSOLVENT AND THE EQUITY INTERESTS IN THE DEBTORS HAVE NO VALUE. THE DEBTORS HAVE AGREED TO STIPULATE AT THE CONFIRMATION HEARING THAT THE EQUITY INTERESTS HAVE NO VALUE AND CAN BE EXTINGUISHED WITHOUT PAYMENT OR DISTRIBUTION. ANY SHAREHOLDER WHO DISPUTES THIS ADMISSION OR INTENDS TO CONTEST IT MUST FILE AN OBJECTION TO THE PLAN WITHIN THE TIME SPECIFIED AND MUST APPEAR AT THE CONFIRMATION HEARING AND ANY ADJOURNMENTS THEREOF TO PROSECUTE SUCH OBJECTION.

The Court has scheduled a hearing (the "Confirmation Hearing") for November 17, 2000, beginning at 9:00 a.m., to be held jointly before the Honorable Colleen A. Brown, United States Bankruptcy Judge, United States Bankruptcy Court, and the Honorable J. Garvan Murtha, United States District Judge for the District of Vermont, at the U.S. District Court, U.S. Post Office Building, West Street, Rutland, Vermont. The Court has directed that objections, if any, to confirmation of the Plan must be filed and served on or before 5:00 p.m., Eastern Standard Time, on November 14, 2000, in the manner described in Section VI.B.1 of this Disclosure Statement, entitled, "Confirmation Hearing." The Confirmation Hearing may be adjourned from time to time without further notice except for the announcement of the adjourned date made at the Confirmation Hearing or at any subsequent adjourned date.

ALL CREDITORS AND SHAREHOLDERS ARE HEREBY ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT IN ITS ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, OTHER EXHIBITS HERETO AND OTHER DOCUMENTS REFERENCED AS FILED WITH THE COURT BEFORE OR CONCURRENTLY WITH THE FILING OF THIS DISCLOSURE STATEMENT. AFTER THE DATE HEREOF, NO ASSURANCE CAN BE GIVEN THAT (A) THE INFORMATION AND REPRESENTATIONS CONTAINED HEREIN ARE MATERIALLY ACCURATE; OR (B) THIS DISCLOSURE STATEMENT CONTAINS ALL MATERIAL INFORMATION.

THE CONFIRMATION AND CONSUMMATION OF THE PLAN ARE SUBJECT TO CONDITIONS PRECEDENT THAT COULD LEAD TO DELAYS IN CONSUMMATION OF THE

PLAN. ALSO, NO ASSURANCE CAN BE GIVEN THAT EACH OF THESE CONDITIONS WILL BE SATISFIED OR WAIVED (AS PROVIDED IN THE PLAN) OR THAT THE PLAN WILL BE CONSUMMATED. IN ADDITION, EVEN AFTER THE EFFECTIVE DATE, DISTRIBUTIONS UNDER THE PLAN MAY BE SUBJECT TO SUBSTANTIAL DELAYS FOR CREDITORS AND SHAREHOLDERS WHOSE CLAIMS AND INTERESTS ARE DISPUTED.

Unless otherwise defined herein, all capitalized terms contained in this Disclosure Statement shall have the meanings assigned to such terms in the Plan.

EXCEPT FOR THE ADMISSION THAT THE EQUITY INTERESTS IN THE DEBTORS HAVE NO VALUE AND SHALL BE EXTINGUISHED WITHOUT PAYMENT OR DISTRIBUTION PURSUANT TO SECTIONS 1126(g) AND 1129(b)(1) OF THE BANKRUPTCY CODE, AS TO ANY CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED AS AN ADMISSION OR STIPULATION.

THE DEBTORS BELIEVE THAT THE PLAN OFFERS THE BEST POSSIBLE RECOVERIES TO CREDITORS COMPARED TO ALL REASONABLY AVAILABLE ALTERNATIVES UNDER THE CIRCUMSTANCES OF THIS CASE. THE DEBTORS, THEREFORE, BELIEVE THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF EACH AND EVERY VOTING CLASS AND STRONGLY RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN.

BOTH THE OFFICIAL TORT CLAIMANTS COMMITTEE (THE "COMMITTEE") AND THE LEGAL REPRESENTATIVE OF FUTURE CLAIMANTS (THE "LEGAL REPRESENTATIVE") HAVE CAREFULLY REVIEWED THIS DISCLOSURE STATEMENT AND THE PLAN AND BELIEVE THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF ALL CREDITORS AND URGE SUCH CREDITORS TO VOTE TO ACCEPT THE PLAN.

ALL CREDITORS AND SHAREHOLDERS SHOULD BE ADVISED THAT, HISTORICALLY, THE COMMITTEE HAD IDENTIFIED CERTAIN CLAIMS AND CAUSES OF ACTION THAT IT BELIEVED COULD BE ASSERTED AGAINST CERTAIN OF THE DEBTORS' CURRENT OR FORMER DIRECTORS AND SHAREHOLDERS WITH RESPECT TO CERTAIN TRANSFERS OF PROPERTY AND DIVERSIONS OF BUSINESS OPPORTUNITIES. HOWEVER, AS PART OF THE PLAN NEGOTIATIONS, THE COMMITTEE AGREED TO RELEASE THOSE POTENTIAL CLAIMS AND CAUSES OF ACTION AGAINST THE DIRECTORS AND SHAREHOLDERS, ON THE EFFECTIVE DATE OF THE PLAN. FOR A DISCUSSION OF THESE CLAIMS AND CAUSES OF ACTION. SEE SECTION III. B. 1. (C) ENTITLED " Potential Claims and Recoveries Against Directors, Officers and Shareholders."

II. OVERVIEW OF THE PLAN

The following is a brief overview of the Plan. This overview is qualified in its entirety by reference to the Plan itself, a copy of which is attached hereto as **Exhibit 1**. For a more detailed description of the terms and provisions of the Plan, see the Plan of Reorganization.

The Plan provides for the treatment of Entities whose asbestos-related rights of action against the Debtors have not become Asbestos-Related Claims as of and during the pendency of the Chapter 11 cases – *i.e.*, future claimants who hold “Demands”. Demands are not “claims” under the Bankruptcy Code, but would become Claims in the future as and when the pertinent injury arising from or relating to the Debtors asbestos-related activities becomes cognizable under applicable non-bankruptcy law. Under the Plan, all Demands are channeled to the Asbestos Trust to be created under the Plan, and are subject to the Permanent Channeling Injunction to be entered by the District Court. The Demands will be entitled to future payment pursuant to the procedures to be established and/or the facilities to be utilized by the Trust. Pursuant to Section 524(g) of the Bankruptcy Code, an official Legal Representative of Future Claimants was appointed by the Bankruptcy Court to represent the interests of holders of Demands in connection with the negotiation and confirmation of the Plan.

Confirmation of the Plan will result in the formation of two new entities, the Asbestos Trust and New Rutland. The Debtors’ existing stock will be cancelled and extinguished without payment or compensation to Class 7 Equity Interest Holders. The Asbestos Trust will be issued 100% of the common stock of New Rutland. On or shortly after the Effective Date of the Plan, Rutland, Inc. will be

merged into Rutland Fire Clay Company (referred to hereinafter upon the Effective Date of the Plan as “New Rutland”) which will be the surviving company. New Rutland will continue to operate the existing business of Rutland.

New Rutland will be managed by Sylvester Miniter and a three person Board of Directors, as more fully described in Section IX, entitled, "Management of New Rutland - The Board of Directors of New Rutland." New Rutland will be a beneficiary of the Permanent Channeling Injunction, described in more detail in Section XI B entitled, "Risk Factor - Permanent Channeling Injunction."

The Asbestos Trust will assume and be responsible for all of the Debtors' present and future asbestos-related liabilities, all of which are classified as Class 4 Claims and Demands - Asbestos-Related Claims and Demands, including personal injury and wrongful death claims, property damage claims and asbestos-related indemnity and contribution claims. In addition, the Asbestos Trust will succeed to Rutland's interest in certain claims and Causes of Action. The Asbestos Trust will also hold and control 100 % of the voting equity in New Rutland. The Trustees of the Asbestos Trust will be selected in the manner described in Section V. A. 4. entitled, "Description of the Asbestos Trust and the Asbestos Trust Documents-General Description of the Asbestos Trust - Appointment of Trustees"--and will be responsible for implementing procedures with the goal of treating the holders of Asbestos Related Claims and Demands are treated in substantially the same manner.

In order to better address asbestos liability issues, the Plan establishes Class 4, which consists of all asbestos property damage claimants and present asbestos disease claimants and related indemnity and

contribution claims, respectively. The Plan also establishes the Asbestos Trust to address such claims. Under the Plan, the Debtors will be discharged from present and future asbestos disease claims, all claims for contribution or indemnity relating to asbestos disease liabilities, and all asbestos property damage claims. Future asbestos disease claimants (holders of “Demands”) will be prevented from asserting such claims against the Debtors because of the Channeling Injunction provided for in the Plan.

The Asbestos Trust will assume all of Rutland's present and future asbestos liabilities, hold and administer the assets made available to the Asbestos Trust under the Plan and operate independent asbestos claims resolution facilities (the "Claims Resolution Facilities").

The payment of Personal Injury Claims will be funded with: (a) 100% of the stock of New Rutland, (b) the proceeds of Rutland's products liability insurance policies, or an assignment of all rights or causes of action pursuant to insurance policies issued in respect of asbestos disease liabilities in favor of Rutland which have not been liquidated prior to Plan confirmation, (c) an assignment of all asbestos-related rights or causes of action which Rutland may have against another entity, including but not limited to an asbestos manufacturing company arising out of an asbestos disease related claim and (d) excess cash of New Rutland. See Section III.B.1.(b) for further information regarding Rutland's insurance coverage. The Debtors and the Committee are presently negotiating with one of the Companies' insurance carriers, Fireman's Fund, regarding a potential structured settlement of the insurance liability but is not able at this time to disclose the potential terms of such settlement.

The payment of Property Damage Claims will be funded with: (a) An assignment of all of Rutland's

rights under available policies of insurance issued in respect of property damage claims. Rutland believes primary coverage of \$3.0 million exists for such claims, (b) An assignment of all asbestos-related rights and causes of action which Rutland may have against any other entity, including but not limited to, asbestos manufacturing companies, as a result of asbestos property damage liability.

As has been the case in certain other asbestos bankruptcies, the Debtors are not able to predict with specificity the dollar value of Asbestos-Related Claims or Demands that may be asserted against the Asbestos Trust. See Section II, entitled, "Plan of Reorganization- Classification and Treatment- Unclassified Claims-Demands" and "Plan of Reorganization -Classification and Treatment--Classified Claims and Interests-Asbestos-Related Claims (Class 4 Claims). Furthermore, since the distribution being made to the Asbestos Trust consists, in addition to a settlement of certain insurance policies, of the Debtors' rights or with respect to certain other insurance coverages, and of all of the equity value of New Rutland and excess cash, the Debtors are not able to estimate, with any degree of precision, the value of the assets that may ultimately be available to Asbestos-Related Claims or Demands. Consequently, the dollar value of any recovery that may eventually be paid by the Asbestos Trust, as well as the timing thereof, is uncertain.

Pursuant to the Plan, holders of Administrative Expense Claims, Tax Claims, Priority Claims, Secured Claims, and General Unsecured Claims (excluding Asbestos-Related Claims (Class 4) and Settled Claims (Class 5)), will all receive either Cash payments equal to the full amount of the Allowed Amount of their respective Claims or have their Claims treated in such a manner as to render them unimpaired, within the meaning of section 1124 of the Bankruptcy Code applicable to this Chapter 11 Case.

Consequently, acceptances of the Plan will not be solicited from holders of these classes of unimpaired claims.

Pursuant to the Plan, Class 3 claims (General Unsecured Creditors) will receive, on the Effective Date the full amount of its Allowed Claim, in Cash, together with interest at the legal rate from the Petition Date, determined by the federal judgment rate.

Pursuant to the Plan, each Settled Claim in Class 5 shall be entitled to receive not less than 10% of its Allowed Claim and up to 100% of its Allowed Claim, without interest. Allowed Class 5 Claims shall be paid as follows: (a) a pro rata distribution of up to 100% of the Allowed Claim from proceeds of a settlement with Fireman's Fund to the extent that a settlement of such claims shall hereafter be reached and consummated with Fireman's Fund, but (b) in any event, if not paid pursuant to an approved settlement with Fireman's Fund, not less than 10% of the Allowed Claim shall be paid by New Rutland, with such payment to be funded from from the first profits of New Rutland for the fiscal years ending on and after November 30, 2001, with distribution to be made within 30 days after the availability of such profits.

Pursuant to the Plan, Class 7 Interests - the holders of Common Stock Interests - will not receive any distribution and will have their stock interests canceled on the Effective Date.

SUMMARY OF CLASSIFICATION AND TREATMENT

OF CLAIMS, DEMANDS AND INTERESTS UNDER THE PLAN ¹

Class Classification and Treatment

- Administrative Expense Claims

Each holder of an Allowed Administrative Expense Claim shall be paid in full in Cash on the later of the Effective Date or at such other time as the Administrative Expense Claim becomes an Allowed Administrative Expense Claim.

- Tax Claims

Each holder of an Allowed Tax Claim shall be paid in full in Cash on the later of the Effective Date or at such other time as the Tax Claim becomes an Allowed Tax Claim.

- Demands

On the Effective Date, the Asbestos Trust Distribution is to be transferred to the Asbestos Trust and Demands shall be channeled to the Asbestos Trust and paid pursuant to the procedures described in the Asbestos Trust Documents.

Class 1 - Priority Claims

On the Effective Date, each holder of an Allowed Priority Claim shall receive the full amount of its

¹ This is only a summary of the classification and treatment of Claims, Demands and Interests under the Plan. Reference should be made to the entire Disclosure Statement and the Plan for a complete description of such classification and treatment.

Allowed Priority Claims in Cash. This class is unimpaired and conclusively presumed to have accepted the Plan. Claimants are not entitled to vote thereon.

Class 2 - Secured Claims

On the Effective Date, each holder of an Allowed Secured Claim shall either (a) have its rights continue without change, retaining its respective lien or liens, or at the election of the Debtors shall be paid the full amount of its Allowed Secured Claim on the Effective Date in Cash or shall have released to it the collateral securing such Claim. This class is unimpaired and conclusively presumed to have accepted the Plan. Claimants are not entitled to vote thereon.

Class 3 - General Unsecured Claims

On the Effective Date, each holder of an Allowed General Unsecured Claim shall receive the full amount of its Allowed Claim on the Effective Date, in Cash, together with interest at the legal rate from the Petition Date, determined by the federal judgment rate. This class is unimpaired. Claimants are not entitled to vote thereon.

Class 4 - Asbestos-Related Claims and Demands

On the Effective Date, the Asbestos Trust Distribution is to be transferred to the Asbestos Trust and Asbestos-Related Claims (including Demands) shall be channeled to the Asbestos Trust and paid pursuant

to the procedures of the Asbestos Trust Documents. This class is impaired, and Asbestos-Related Claims are entitled to vote on the Plan, in accordance with the Voting Procedures Order. Demands do not vote on the Plan.

Class 5 - Settled Claims

The Plan proposes to pay Settled Claims not less than 10% and not more than 100% of the amount of their Allowed Claims, without interest.

Class 6 - PBGC Claim

On the Effective Date and thereafter, New Rutland shall keep the Pension Plan on-going and fund and maintain the Plan in accordance with ERISA and the Internal Revenue Code. Based upon New Rutland maintaining the Pension Plan as on-going, PBGC will be deemed to have accepted the Plan. No provision of the Plan, the Confirmation Order or §1141 of the Bankruptcy Code shall discharge, release or relieve the Debtor or any other party from liability with respect to the Pension Plan under any law, governmental policy or regulatory provision, and neither PBGC nor the Pension Plan shall be enjoined from enforcing such liability as a result of the plan of reorganization's provisions for satisfaction, release and discharge of claims. This class is unimpaired and is presumed to have accepted the Plan. Claimant is not entitled to vote on the Plan.

Class 7 Interests - Common Stock Interests

On the Effective Date, all Interests shall be canceled and each holder of an Allowed Common Stock Interest shall not receive any distribution and shall not retain any interest in the Debtors. This class is impaired and conclusively deemed to have rejected the Plan. Claimants are not entitled to vote on the Plan.

As a separate condition to confirmation of the Plan at least 75% of the holders of Asbestos-Related Claims (Class 4) that vote on the Plan must vote to accept the Plan. Moreover, in order for confirmation to occur, the Plan provides that the Confirmation Order must contain findings that are consistent with or otherwise required by section 524(g) of the Bankruptcy Code so as to give rise to the issuance of the Permanent Channeling Injunction.

Following confirmation of the Plan, the Plan will not become effective until the first Business Day after which certain other conditions have been satisfied or waived (the "Effective Date"). These conditions are described in Section VI B (3), entitled, "Confirmation/Consummation Procedures-Effectiveness of the Plan-Conditions to Effectiveness."

Distributions on account of Allowed Claims, other than Class 4 Asbestos-Related Claims and Class 5 Settled Claims, will be made on the Effective Date, or as soon thereafter as reasonably practicable. Distributions on account of Asbestos-Related Claims and Demands will be made in the manner and in the time frames contemplated by the Asbestos Trust Documents. Distributions on account of Settled Claims will be made in the manner and in the time frames contemplated by the Plan (Class 5).

The Plan permits the business of New Rutland to operate free of asbestos-related claims and litigation and thus to continue to generate funds to make the payments called for in the Plan to holders of Allowed Claims and the Asbestos Trust. The operating business will be protected from asbestos litigation and judgments by a channeling injunction prohibiting the assertion of present asbestos-related claims and future asbestos disease and property liabilities (Demands) against Rutland and channeling all such claims and Demands to the Asbestos Trust. The injunction is a condition precedent to the implementation of the Plan. Without the injunction, Rutland could not operate free of the tens of thousands of pending lawsuits and the attendant liability.

IT SHOULD BE NOTED THAT THE DEBTORS RESERVE THE RIGHT, SUBJECT TO THE CONSENT OF THE COMMITTEE AND THE LEGAL REPRESENTATIVE, TO SEEK TO MODIFY THE PLAN. SEE ALSO SECTION VI, ENTITLED, "CONFIRMATION/ CONSUMMATION PROCEDURES".

III. RUTLAND'S BANKRUPTCY PROCEEDINGS

A. The Cases

On October 13, 1999 Rutland Fire Clay Company and Rutland, Inc. each filed a Chapter 11 petition in the U.S. Bankruptcy Court for Vermont, Case Nos. 99-11390 and 99-11391, respectively. On the same day the Court entered an order consolidating the cases for administrative purposes and pursuant to Section 362 of the Bankruptcy Code, all asbestos suits against the Debtors were stayed. At that time approximately 37,500 asbestos suits were pending in various courts against Rutland. Prior to that time approximately 25,000 asbestos suits against Rutland had been disposed of, in most cases by settlement.

Rutland's business operations are profitable and have been consistently profitable in the past, but the liabilities represented by the asbestos claims, present and future, far exceed the value of Rutland's business (valued either as a going concern or in liquidation) and Rutland's insurance coverage. The excess of such asbestos liabilities over asset values and available insurance proceeds caused Rutland to file these Chapter 11 proceedings in order to establish the most fair, equitable and expeditious, method of distributing the value of its company to all creditors. Rutland's Plan of Reorganization is the result of the give and take of negotiations between the representatives of the various parties in interest (described below) in these proceedings, initially under the supervision of visiting U.S. Bankruptcy Judge Robert L. Krechevsky, and presently in the supervision of U.S. Bankruptcy Judge for the District of Vermont, Colleen A. Brown.

On October 25, 1999 the Court appointed a Committee of Asbestos Litigants consisting of six attorneys for asbestos plaintiffs with cases pending against Rutland (the "Official Asbestos Claimants Committee"). The Committee consists of the following members:

Nancy Worth Davis, Esq., Ness Motley Loadholt Richardson & Poole, Chairperson of the Committee

Roberta Ashkin, Esq., Baron & Budd, P.C.

Mark G. Meyer, Esq., Goldberg, Persky, Jennings & White, P.C.

Sanders McNew, Esq., Weitz & Luxenberg P.C.

Mike V. Kelley, Esq., Kelley & Ferraro, LLP, and

Michael Cascino, Esq., Cascino Vaughn Law Offices.

By order of the Court entered October 25, 1999, *nunc pro tunc*, as of October 13, 1999, John J. Preefer, Esq. was appointed by the Court as counsel to the Official Asbestos Claimants Committee. On October 25, 1999 the Court entered an order appointing Richard Levy, Jr., Esq., the Legal Representative for future asbestos claimants. On October 25, 1999 the Court entered an order appointing Sylvester Minitier to be a consultant in the Chapter 11 Case to assist in the reorganization and the transition to the Asbestos Trust. The Committee intends to designate Mr. Minitier as the Managing Trustee of the Asbestos Trust to be formed pursuant to Section 524 (g) of the Bankruptcy Code in connection with the reorganization of the Debtors and their discharge from asbestos liability. In addition, as disclosed to the Court in the application to appoint Mr. Minitier as Consultant, as of October 25, 1999 Mr. Minitier also served as a consultant in the Chapter 11 case of Rock Wool Manufacturing Company, an asbestos related bankruptcy case pending in the United States Bankruptcy Court for the Northern District of Alabama in Birmingham, Alabama. Mr. Minitier has now become the Managing Trustee of the Rock Wool Company Asbestos Trust and also the Chairman and Chief Executive Officer of Rock Wool Manufacturing Company. Mr. Minitier also serves as the Court appointed Consultant to the Debtor in the asbestos related Chapter 11 bankruptcy case of M. H. Detrick Company (“Detrick”) pending in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division in Chicago, Illinois. It is expected that Mr. Minitier will become the Managing Trustee of the M.H. Detrick Company Asbestos Trust in the event of a successful Chapter 11 reorganization of Detrick pursuant to Section 524 (g) of the Bankruptcy Code.

B. Information Relevant to Bankruptcy Cases and Plan

1. Values Available for Distribution

(a) Equity Value of Rutland - 100% of the stock of Rutland - Estimated at under \$2 million

The current book value of the assets of Rutland Fire Clay Company and Rutland, Inc. is approximately \$2 million. The company's value as a going-concern is also approximately \$2 million. The Asbestos Trust will own 100% of the reorganized company's stock. As such any earnings from the company, beyond nominal amounts needed to sustain the company, will be paid to the Asbestos Trust.

In management's opinion the liquidation value of Rutland is approximately \$400,000². These values, taken together, indicate that Rutland's greatest value, approximately \$2 million, will be realized as a going concern and not in liquidation. Management's analysis of Rutland's asbestos liabilities is that the Debtors are jointly liable for existing Asbestos Related Claims and future Demands, and that the amount of those liabilities is at least \$20,794,000 based upon at least 37,000 pending lawsuits at the commencement of these Chapter 11 proceedings and average settlement payments in 1996 of \$562 per claim. In fact, Management believes that the liability would be substantially greater in the year 2000. As a result, the Debtors are insolvent, and shareholder value has been completely eliminated.

(b) Rutland's Insurance Coverage - approximately \$4 Million

² See Exhibit 9 to this Disclosure Statement. As of the Petition Date, there were more than 37,000 pending asbestos claims filed against the Debtors. Under a report prepared for the Debtor in 1996, the Debtors were then paying an average of \$562 per claim, and the total potential claims already in the marketplace was \$54,000,000.00. The potential future claims as estimated in the 1996 report was \$13,000,000 and the estimated total liability for Rutland was \$67,000,000.00. In addition, in the years preceding the commencement of the Chapter 11 proceedings, increasing numbers of lawsuits were filed. More recently, as of 1999, the Debtors' settlement experience with respect to Asbestos Related Claims was to pay increasing amounts. Thus, based upon more than 37,000 lawsuits pending in 1999, the Debtors faced liability and settlement exposure exceeding \$20,794,000.00.

Prior to its Chapter 11 filing, Rutland had purchased, and had in effect, policies of comprehensive general liability insurance which had product liability coverage potentially applicable to the claims of the asbestos claimants for the period May 1, 1964 through November 30, 1984. Rutland and its primary carrier, Glens Falls Insurance Company (then "Continental Casualty", now CNA) were engaged in an on-going dispute over the scope of this insurance coverage and its applicability to the various lawsuits of the asbestos claimants in the past. At the time the Chapter 11 Petitions were filed substantially all issues had been resolved. Despite the coverage dispute, substantial payments were made by the primary carriers to asbestos claimants and defense costs were covered 100%. Rutland, at the time of the bankruptcy filing, was utilizing its one confirmed umbrella insurance carrier to pay asbestos claimants and defense costs.

At the Petition Date, Rutland had the following amount of insurance coverage available to apply to the claims of the various personal injury asbestos claimants:

Carrier	(\$ in millions)
Fireman's Fund	4.000

During the pendency of these cases, the Debtors, in consultation with the Committee and the Legal Representative engaged Fireman's Fund in settlement discussions towards liquidating the insurance coverage, the proceeds of which settlement would be paid into the Asbestos Trust. While as of the date of this First Amended Disclosure Statement there have been substantial discussions and an exchange of settlement proposals and agreements, there is presently no settlement agreement. The Debtors will continue to work towards resolving such coverage and obtaining a payment to the Asbestos Trust. If the matter is not settled by the Effective Date, then the Debtors' insurance coverage and all rights thereunder or

relating thereto shall become the property of the Asbestos Trust.

Rutland believes CNA (formerly Continental Casualty) also had separate property damage coverage totaling \$3 million. As of the present date there are no known Asbestos in Buildings Claims and no known Asbestos Related Building Contribution Claims asserted against the Debtors. The Debtors have negotiated with CNA towards liquidating that coverage. However, CNA has declined to do so. Therefore, the CNA insurance policy and coverage for Asbestos In Building liabilities will be placed in the Asbestos Trust and will be available pursuant to the Asbestos In Building Procedures to pay any Asbestos in Building Claims and Asbestos Related Building Contribution Claims. Those Procedures will permit in certain circumstances a resort back to the legal system to pursue such insurance coverage.

The terms of all settlement agreements with the Insurance carriers shall be deemed incorporated herein by reference thereto and in the Confirmation Order. On the Consummation Date, Rutland will assign all right, title and interest which it has in any policy of insurance for asbestos related liabilities to the Asbestos Trust. The injunction entered to protect Rutland from the claims of asbestos claimants and co-defendants will not be applicable to any non-settling insurance company except pursuant to a settlement agreement approved by the Court or as part of a final Order entered in the insurance litigation.

In summary the likely values available to creditors in these proceedings, are:

Assets	Millions of Dollars
Rutland's Going-Concern Value, approximately	\$ 2.0
Insurance Coverage(Personal Injury)	<u>\$ 4.0</u> *

Total Assets	\$ 6.0
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* Under certain circumstances the value of such coverage may be greater than \$4 million.

(c) Potential Claims and Recoveries Against Directors, Officers and Shareholders

In the course of the Committee's review of the Debtors conduct and affairs, including the review and analysis performed by the Informal Committee which existed prior to the Petition Date, the Committee identified certain potential avoidance and recovery claims that might be available to the Debtors' Estates and creditors:

(1) Purchase of stock by Rutland Fire Clay Company from shareholders of Rutland, Inc.

Rutland Fire Clay Company spun off Rutland Inc. in or about 1961 to its then shareholders. In 1961 the two companies had identical shareholders but over time there were some minor changes in ownership. The stated purpose of the 1961 spin off was for tax purposes. Both companies' business were similar in that they sold the same products just in different geographic areas. Rutland, Inc. had a plant in Jacksonville, Illinois. Rutland Fire Clay's plant was in Gastonia, North Carolina.

In or about 1996 Rutland Fire Clay Company decided to consolidate operations with Rutland, Inc. to take advantage of efficiencies of operation and to reduce overhead. During the 1960's and 1970's, both companies were marginally profitable. As profits allowed, the companies paid dividends but there was no

real growth of either firm. Changes in the more recent marketplace increased competitive pressures, and required large investment in computer and bar code labeling systems. Rutland Fire Clay Company experienced an operating loss of \$100,000.00 in 1996, and Rutland, Inc. made a profit of only \$3,000.00 that year. Management determined that the Rutland companies were no longer competitive by virtue of the cost structure due to the two plant facilities. During that year, as the losses became apparent to the Company's Board of Directors, planning for combining Rutland Fire Clay Company and Rutland, Inc. was undertaken. In August 1996, the Company's CPA performed an analysis of the proposed business combination. Significant cost savings were estimated.

As a result, Rutland Fire Clay Company decided to purchase the Rutland, Inc. shares for \$6.00 a share from persons who were overwhelmingly the same shareholders of Rutland Fire Clay Company Thomas Martin, President and Chief Executive officer of Rutland Fire Clay Company, and his parents, Janet and John Martin, all of whom together owned approximately 35,000 shares of Rutland, Inc. (approximately 30%) sold their shares of Rutland Inc. in this purchase transaction. In total, Rutland Fire Clay Company purchased 117,374 shares from approximately 40 shareholders many of whom held relatively small amounts of stock at a total cost of \$704,244.00. Today, Rutland Fire Clay Company owns 99.9% of Rutland, Inc.

The Debtors had at least one alternative which would not have incurred these payments - a merger of the two corporations which would have still joined the two companies without the expenditure of the stock purchase price. The Committee has considered whether this transaction might be considered a fraudulent transaction and believes grounds existed to seek to avoid such transaction and recover the

payments made to shareholders. The Debtors do not believe such transaction is avoidable or otherwise recoverable. One measure of damages would be the amount paid for the stock or approximately \$700,000.00. Pursuant to the Plan these claims will be released.

(2) The Occupancy of Office Suite under lease with Cupola-Rococo, Ltd.

The Debtors for many years occupied offices on property owned by Rutland Fire Clay Company in Rutland Vermont. By the mid 1990's, the farm house that the Company owned and used as its corporate office was no longer functional and the Company had outgrown the space. With this, the Company looked into selling the property and finally did so in the fall of 1996. The Company maintained a short term lease and could remain in the property until the spring of 1997. During the winter of 1996-1997, a Search Committee started looking for new corporate offices. The Committee was made up of two Board of Directors, Richard Ackerman and Ralph Perkins and Company Treasurer, Mary Danforth. The Company retained a realtor and ultimately considered three properties, being Knollwood; Dumas; and, Cupola-Rococo. The Knollwood property annual rental was \$28,260.00 with additional charges for document storage. The Dumas property had an annual rental of \$33,948.00 with additional charges for document storage. Cupola-Rococo, Ltd. had an annual rental amount of \$28,500 with no document storage fee. It decided to rent offices located at 86 Center Street, Rutland, Vermont from Cupola-Rococo, Ltd., a company owned by Tom Martin, the Debtors' president and Chief Executive Officer, and Gary Kupferer, the Debtors outside corporate counsel. A lease for 5 years was entered into in May 1997 at an annual rental of \$28,500. Prior to signing the lease, the transaction was submitted for review to the Debtors' bankruptcy counsel, Raymond Obuchowski, who, in a written opinion found "nothing specifically

objectionable. In other words, it appears to be full arm's length and without any probable adverse consequences."

(3) Sale of Company Real Property Holdings.

During the last part of the 19th century and the early part of the 20th century, Rutland Fire Clay Company acquired in excess of 600 acres of land located primarily in the towns of Mendon and Rutland, Vermont. Beginning in the 1950's Rutland Fire Clay Company began divesting itself of its real estate holdings because the property was no longer needed in its operation. By 1990 the only Vermont real estate the Company owned was the original farmhouse where its founder, Rufus Perkins, lived and the surrounding 130 acres, which was the site of the original clay minds. During the 1980's the Company's corporate offices were moved into the farmhouse.

By the 1990's, the farm house was not functional as the Company's corporate headquarters and the Company had outgrown the space. The Board of Directors began looking into divesting itself of the farm house and the surrounding 130 acres. Members of the Perkins family were interested in keeping it in the family for sentimental reasons. The Board explored putting a conservation easement on the land with the Vermont Land Trust. Unfortunately, the Land Trust determined it was not interested in the property because the parcel was not large enough. The Company had the property appraised which set the value at \$465,000.00. After the Land Trust deal failed to close, the Company sought to sell the property again. Members of the Perkins family were still interested and negotiations proceeded. Numerous additional

appraisals were done. Members of the Perkins family had an appraisal done on the farm house and 23 acres which was \$175,000.00. The Company had another appraisal prepared which valued the property between \$135,000 to \$150,000. The Company also had an appraisal prepared upon a 46.7 acre parcel which valued that land at \$47,000. Additional appraisals were prepared upon a 27 acre parcel at \$27,000; a 27.7 acre parcel at \$5,400. After many proposal and counter-proposals, a contract was entered with John and Janet Martin, President Tom Martin's parents for the farm house and 23 acres for \$175,000.00. Realtors were then contacted for valuing and sale of the remaining properties. After various opinions were received, the remaining lands were sold to a corporation comprised of members of the Perkins family. Ultimately, most of the parcels of property were sold in 1996 for a total of \$361,950. The Committee considered whether these transactions should be considered fraudulent transactions and believes grounds existed to seek to avoid such transaction and recover either the property or the difference in the value between the appraisal value and the sale price. The Debtors do not believe such transaction is avoidable or otherwise recoverable. One alternative measure of damages for these transactions would be the difference between the appraisal value and the sale value or approximately \$103,000.00.

(d) Internal Revenue Code Section 468B

In partial response to the Johns-Manville Chapter 11 proceedings and other mass toxic tort bankruptcies, Congress enacted Section 468B as part of the Tax Reform Act of 1986. Rutland intends the Asbestos Trust to qualify under IRC Section 468B. If it qualifies, two of the consequences to Rutland are as follows:

- (a) Rutland's payments of its own funds (not the insurance proceeds) to the Trust pursuant to the Plan are tax deductible to Rutland in the year of each

such payment.

(b) The Trust is treated as a separate entity from Rutland, so that earnings on the funds after receipt from Rutland are taxable to the Trust and not to Rutland. The Trust, if it qualifies under 468B, will be taxed at a lower rate than Rutland under present law.

If the Trust does not qualify under Section 468B, it is deemed a grantor trust of Rutland, and two of the adverse consequences would be as follows:

(i) Rutland could not take a tax deduction in the year of each payment to the Trust. Rather, the deduction would be delayed until the year the funds were actually paid by the Trust to claimants.

(ii) Earnings on funds by the Trust after receipt from Rutland would be taxed at Rutland's higher corporate tax rate.

(e) Potential Asbestos Liability

In 1996, ARPC (Analysis, Research & Planning Corporation (a firm specializing in claims valuation and liability assessment)) submitted the Actuarial Evaluation of Ultimate Liability for Asbestos-Related Claims (the "ARPC Report"). The results are summarized below. The ARPC Report also indicated that a projected number and dollar amount of property damage claims against Rutland could not be developed due to, among other things, the lack of any property damage claims against Rutland. The ARPC Report was based upon a historical settlement value of Asbestos Related Claims of \$562 each.³ There is no ability to predict what the total value of asbestos related Claims would be if settled or litigated today and the

³ Inclusion of settlement payments made by the Debtors after the date of the ARPC Report would substantially increase the average settlement figure.

amounts might be substantially greater. The table set forth in the ARPC Report's Summary of Findings is as follows:

Claim Type	Maximum Estimated Number of Claims (Range)	Cost per Claim	Total Cost (mil.)
Open and Potential (min-max)	78,000-96,000	\$562	\$ 54
Future (min-max)	<u>15,000-24,000*</u>	<u>\$562</u>	<u>\$ 13*</u>
Total	93,000-120,000	\$562	\$ 67

*may be up to 4 times higher according to ARPC's 1996 report

As indicated, in 1996 the aggregate potential liability to the Debtors by reason of the then-pending Asbestos Related Claims and then-projected future Demands against Rutland total \$67 million, and possibly as much as \$106 million if the upper limit of future claims is reached. Rutland's Schedules of Assets and Liabilities indicate that the claims held by unsecured non-asbestos or trade creditors total approximately \$70,000.

A summary of the values available for distribution and claims, assuming the filing of 120,000 claims settled for \$562 each, is as follows (in millions of dollars):

Values		Claims	
Rutland's Going-Concern Value	\$ 2.00	Present AD* Claims	\$54.0
		Future AD Claims	\$13.0
Insurance Coverage	<u>\$ 4.00</u>	Unsecured Creditors	<u>\$00.08</u>
	\$ 6.00		\$67.08

* AD = Asbestos Disease

The proportionate share of total claims represented by the three creditor groups (Present Asbestos Disease Claimants, Future Asbestos Disease Claimants, and Unsecured Creditors), and the percentage payment to each creditor group suggested by the foregoing figures is as follows:

<u>Creditor Groups</u>	<u>Percentage of Total Claims</u>	<u>Approximate Percentage Distribution on Each Class of Claims</u>
Present AD Claims	>49.9	9 *
Future AD Claims	<49.9	9 *
Unsecured Creditors	<0.1	100

* This analysis assumes each Asbestos-Related Claim is valued for settlement purposes at an average of \$562.00 and each Claimant receives 9% of \$562.00 or approximately \$50.00.

A projected return of approximately 9 cents on the dollar is indicated by the foregoing figures, were there to be strict pro-rating among the three creditor groups. However, it should be borne in mind that:

1. If Rutland were liquidated, there would be at least \$1.6 million less available for distribution to creditors as follows:

	<u>Rutland as a Reorganized Going Concern</u> (\$ million)	<u>Rutland Liquidated</u> (\$ million)
Rutland's Value	\$ 2.00	\$ 0.40
Insurance Coverage	<u>\$ 4.00</u>	<u>\$ 4.00</u>
	\$ 6.00	\$ 4.40

2. Asbestos claimants against Rutland, both present and future, have other sources of recovery, including the non-bankrupt asbestos companies and the various existing asbestos trusts such as the Manville Settlement Trust, so that while their recovery against Rutland may individually be smaller or greater than

against other entities, their aggregate recovery against all asbestos companies which may have contributed to their injuries may be substantial.

(f) Source of Asbestos Liability

Rutland was until 1978 a manufacturer of asbestos-containing furnace cements and boiler coverings used by homeowners and plumbing and heating contractors for a variety of applications. Asbestos containing products represented less than 20% of sales at all times. Since 1978 Rutland has not manufactured asbestos-containing products.

As a result of its manufacturing activity, the Rutland Fire Clay Company has been named as a defendant (or co-defendant) in over 37,000 civil lawsuits alleging personal injury due to exposure to asbestos products and seeking damages for death or injuries due to asbestos-related diseases.

(g) Reason for Chapter 11 Filings

Because of the contingent liabilities related to the asbestos related civil lawsuits noted above and the accelerated dissipation of the Company's insurance coverage, Rutland filed voluntarily for protection under Chapter 11 of the Bankruptcy Code on October 13, 1999. Since that time, Rutland management has continued to operate the business of each company as a Debtor in Possession.

(h) Financial Information Regarding Operations

A summary of the recent operating results of the Company is as follows (more complete information is attached as Exhibit 8):

Fiscal Year ended November 30 (\$ 000's omitted)			
	1999	1998	1997 ¹
Sales	\$5,370	\$4,892	\$4,851
Operating Profit	409	385	350
Net Income	124 ²	120	121 ³

Prior to the consolidation, Rutland Fire Clay Company had experienced a decline in its business and could no longer operate profitably as evidenced by an Operating Loss of \$8,000 in 1996. Until May 1996 Rutland Fire Clay operated a manufacturing plant in Gastonia, North Carolina with approximately 9 employees. At the same time Rutland, Inc. operated a plant in Jacksonville, Illinois, with 8 employees. Both operations had seen a reduction in sales along with severe pricing pressure which limited the companies' ability to raise prices. With these business factors and the limited growth prospects for the both Rutland Fire Clay Company and Rutland, Inc., the companies' management decided to consolidate the corporate entities by purchasing Rutland Inc. and by consolidating operations in one location at the centrally located, more efficient and modern Jacksonville plant. Operations have returned to profitability and, while the market continues to shrink, Rutland is well positioned within the industry. With the increased attention of management focused on business development rather than asbestos litigation it is anticipated that Rutland, post-confirmation, will prosper even with the limited, even negative, growth prospects of the industry as a whole.

¹ Figures reflect full 12 month combined Rutland Inc. and Rutland Fire Clay Company.

² Includes \$61,164 in extraordinary gain from sale of old factory.

³ Includes \$26,000 in extraordinary gain from sale of land.

(i) Financial Projections and Comment:

Rutland prepares its books on a tax basis. In order to construct the financial projection of Rutland, a Plan of Reorganization has been assumed as summarized in this Disclosure Statement. Set forth in Exhibit 6 are the projected annual financial results of Reorganized Rutland for the next five fiscal years. In formulating the projections contained in Exhibit 6, Rutland's management has set forth realistic but conservative projections of Rutland's capabilities. The forecast net results for the next five years indicate the expectation that the consistently profitable record of Rutland will continue with a modestly increasing trend. See the statement of cash flows projection, Exhibit 7.

The basis for the future of the core business of Rutland is the Company's base of 600 customers. The Company's market will, at best, grow only modestly over the next five years according to the Hearth Products Industry Future Vision Study commissioned in 1999 by the Hearth Products Association, of which Rutland is a member. New product development should open new markets for the Company which, when combined with improved operational excellence and the recent purchase of Worcester Brush Company as outlined below, positions the company to be as strong as possible under the circumstances.

The quality of Rutland's accounts receivable is an important ingredient in the on-going viability of the Company. During the period between 1997 and 1998 accounts receivable have had an average collection period of between 60 and 75 days. The historical bad-debt charge-off expense has not been significant. Rutland maintains close relationships with its customers and does not sell to or provide extended terms to credit-risk customers. Thus, the accounts receivable, which as mentioned previously

are from a group of 600 customers, represent an acceptable collateral base on which Rutland should be able to finance its future business requirements.

(j) Pension Plan and Pension Benefit Guaranty Corporation (“PBGC”) Claim

Debtors are the contributing sponsors of the Rutland Fire Clay Company & Rutland, Inc. Pension Plan (“Pension Plan”), a defined benefit plan covered by Title IV of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). Debtors and all members of their controlled group are obligated to contribute to the Pension Plan at least the amounts necessary to satisfy ERISA's minimum funding standards, 29 U.S.C. § 1082; Internal Revenue Code of 1954 (“IRC”) § 412. In the event of a termination of the Pension Plan, Debtors and all members of the controlled group will be jointly and severally liable for the unfunded benefit liabilities of the Pension Plan. *See* 29 U.S.C. § 1362(a). Debtors understand that the Pension Plan may be terminated only if the statutory requirements of either 29 U.S.C. § 1341 or 29 U.S.C. § 1342 are met.

The Pension Benefit Guaranty Corporation (“PBGC”) is a wholly-owned United States government corporation created by Title IV of ERISA to administer the mandatory pension plan termination insurance program established under Title IV of ERISA. The PBGC guarantees the payment of certain pension benefits upon termination of a pension plan covered by Title IV of ERISA.

PBGC estimates that the Pension Plan is currently underfunded for benefit liabilities by

approximately \$220,000 on a termination basis. PBGC filed a contingent claim for this underfunding as well as unliquidated claims for unpaid minimum funding contributions and PBGC premiums, if any, in connection with the Pension Plan. 29 U.S.C. §§ 1307; 1362. PBGC understands that, to date, the Debtors have made all required contributions to the Pension Plan and all required premium payments to PBGC. The Debtors intend to keep the Pension Plan on-going after confirmation of the plan of reorganization and the to fund and maintain the Plan in accordance with ERISA and the Internal Revenue Code. The Debtors intend to continue the Pension Plan after confirmation of the Chapter 11 Plan, in accordance with the terms and conditions of the Pension Plan.

Rutland has agreed to treat the PBGC claim as unimpaired and the plan injunctions and discharge shall not operate to discharge the PBGC claim or limit the PBGC post Effective Date in pursuing its remedies against Rutland. Accordingly, PBGC's claim is unimpaired, and therefore is deemed to have accepted the Plan.

No provision of the plan of reorganization, the confirmation order, or Section 1141 of the Bankruptcy Code shall discharge, release, or relieve the Debtor or any other party from liability with respect to the Pension Plan under any law, governmental policy, or regulatory provision. Neither PBGC nor the Pension Plan shall be enjoined from enforcing such liability as a result of the plan of reorganization's provisions for satisfaction, release and discharge of claims.

In 1999 and in 2000 Rutland made all required minimum contributions to its pension plan and paid all fees due the PBGC.

C. Claims Against the Debtors

1. Bar Date. Pursuant to the rules of the Bankruptcy Court, a bar date was set at the inception of the cases for the filing of all claims, but not including Asbestos-Related Personal Injury Claims and Settled Claims. The failure to timely file a claim is deemed a bar to such claim. The Clerk's Notice of Chapter 11 Case, Meeting of Creditors, & Deadlines set the deadline for filing of Proof of Claim as February 22, 2000. The Bankruptcy Court entered orders in each of the Debtors' cases on November 12, 1999 waiving the Claims Bar Date as to the Asbestos Related Personal Injury Claimants as defined in the Debtors' Motion for Waiver of Claims Bar for Asbestos Related Personal Injury Claimants. All other claimants, including Co-defendant contribution, indemnity and subrogation claims, had to file their respective claims not later than February 22, 2000.

2. Filed Priority Claims and Filed and Scheduled General Unsecured Claims Including Contribution Claims. Any claim scheduled by the Debtors as a General Unsecured Claim and not contingent, disputed or unliquidated is deemed allowed in the amount scheduled. The following general unsecured claims were filed in the case:

Rutland Fire Clay Company:

- | | |
|-------------------------|--------------|
| 1. Keller and Curtain - | \$41, 691.18 |
| 2. Harnischfeger Corp.- | Unliquidated |

3. Ocean View Capital, Inc.	Claim in Excess of \$1,000,000
4. Baltimore Gas & Electric Co.	No Amount
5. Pension Benefit Guaranty Corporation	\$219,400.00 (Priority Tax)
6. Pension Benefit Guaranty Corporation	Unliquidated
7. Pension Benefit Guaranty Corporation	Unliquidated
8. PPG Industries, Inc.	Unliquidated
9. Owens Corning/Fibreboard Corp.	\$40,000,000
10. Osborne Hiner & Lishe	\$15,327.05
11. Mary L. Carbotti	\$400.00
12. George V. Hamilton, Inc.	Unliquidated
13. USX Corp. - U.S. Steel Group	\$26,500.00 (Late Claim)
14. Illinois Department of Revenue	\$ 1,607.57 (Late Claim)
15. Gastonia Sheet Metal Works	\$4,668.46 (Late Claim)

Rutland, Inc.:

1. Elco Laboratories, Inc.	\$12,300.00
2. Schaefer Brush Mfg	\$15,353.92
3. Ocean View Capital Inc.	In excess of \$1,000,000
4. Elco Laboratories Inc.	\$12,300.00 (Duplicate)
5. Whiting Corporation	Undetermined
6. Tulox Plastics Corp.	\$13,412.96
7. Tri-County Community Devel. Corp.	\$42,363.59 (Secured)
8. Jacksonville Enterprise Zone Devel. Corp.	\$ 21,672.63 (Secured)
9. Pension Benefit Guaranty Corporation	\$219,400.00
10. Pension Benefit Guaranty Corporation	Unliquidated
11. Pension Benefit Guaranty Corporation	Unliquidated
12. Raabe Corporation	\$15,327.84
13. Jacksonville Savings Bank	\$511,761.31 (Secured)
14. General Refractories Co.	\$10,000,000
15. PPG Industries	Unliquidated
16. Owens Corning/Fibreboard Corp.	\$40,000,000
17. Mary L. Carbotti	\$200.00
17. George V. Hamilton, Inc.	Undetermined

The following general unsecured (Class 3) claims were scheduled:

Rutland Fire Clay Company:

1. Gastonia Sheet Metal Works	\$13,668.46
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Rutland Inc.:

1. Fil Tec	\$18,215.22
2. Gastonia Sheet Metal Works ⁴	\$13,668.46
3. Raabe Corp.	\$15,080.64
4. Rutland Fire Clay Co. ⁵	\$256,964.50
5. Schaefer Brush	\$15,353.92
6. Tulex Plastics	\$13,412.96
7. Elco Laboratory	\$12,300.00

The claims filed in the case of Rutland Fire Clay Company by Harnischfeger Corp., Ocean View Capital Inc., PPG Industries, Inc., Owens Corning/Fibreboard Corp., George V. Hamilton, Inc. and USX Corp. - U.S. Steel Group will be classified as Class 4 Claims because they are in the nature of asbestos-related contribution claims. Each will be entitled to cast one vote in the amount of \$1.00 each pursuant to the Voting Procedures Order.

The claims filed in the case of Rutland Inc. by Ocean View Capital Inc., Whiting Corporation, General Refractories Co., PPG Industries and Owens Corning/Fibreboard Corp. will be classified as Class 4 Claims because they are in the nature of asbestos-related contribution claims. Each will be entitled to cast one vote in the amount of \$1.00 each pursuant to the Voting Procedures Order.

As a result of the proposed merger of the two Debtors in connection with the confirmation and

⁴Duplicate of Rutland Fire Clay Company

⁵Extinguished on the Effective Date

consummation of the Plan, in the instances where a creditor has filed identical or overlapping claims in both cases, one claim will be considered a duplicate and disallowed. The Debtors, the Committee and the Legal Representative reserve their rights to object to any claims that have been filed.

The Debtors also intend to file amended schedules to schedule the claims identified as Class 5 Claims (Settled Claims) for the claims and amounts described below.

The scheduled and filed Class 3 Claims total \$136,049.43. On September 21, 2000 (Docket # 232-1), the Debtors filed Omnibus Objections to claims. On October 13, 2000, after a hearing, the Court entered an Order expunging the claims of Keller & Curtin, Osborne Hiner & Lisher and Mary L. Carbotti. In addition, the corrected claim for Gastonia Sheet Metal Works is \$4,668.46, which results in a reduction of the total Class 3 claims to \$69,631.20. The Debtors have reviewed their executory contracts and intend to assume all such contracts so that the Debtors do not believe there will be any claims arising from the either the assumption or rejection of executory contracts. The Debtors intend to pay all Class 3 General Unsecured Claims 100% of the Allowed Claims together with interest at the rate allowed by law from the Petition Date. As a result, Class 3 Claims are not impaired by the Plan.

3.Settled Claims are defined in the Plan to mean any Asbestos Bodily Injury Claims asserted against Rutland prior to the Petition Date and with respect to which (a) Fireman's Fund defended Rutland with respect to an Asbestos Bodily Injury Claim, (b) either (i) counsel to the Asbestos Bodily Injury Claimant and insurance defense counsel for Rutland with the approval of the Fireman's Fund, or (ii) Rutland's corporate counsel, had reached a complete agreement, orally or in writing, to settle the claim

and (c) Fireman's Fund had, in some but not all instances, issued a check in payment of such settlement the proceeds of which payment had not been irrevocably negotiated or the proceeds collected by or on behalf of the Asbestos Bodily Injury Claimant prior to the Petition Date.

The Plan classifies certain claims as Settled Claims and provides different treatment for these claims. Currently, the best available information indicates that there are 136 claims totaling \$195,899.98 in this class. The Debtors and the Committee believe there may be a small number of additional claims totaling several thousand dollars that have not presently been fully confirmed. These claims are viewed as contract claims because they have been fully settled and agreed upon.

On the Effective date each Settled Claim shall be entitled to receive not less than 10% of its Allowed Claim and up to 100% of its Allowed Claim, without interest. Allowed Class 5 Claims shall be paid as follows: (a) a pro rata distribution of up to 100% of the Allowed Claim from proceeds of a settlement with Fireman's Fund to the extent that a settlement of such claims shall hereafter be reached and consummated with Fireman's Fund, but (b) in any event, if not paid pursuant to an approved settlement with Fireman's Fund, not less than 10% of the Allowed Claim shall be paid by New Rutland, with such payment to be funded from from the first profits of New Rutland for the fiscal years ending on and after November 30, 2001, with distribution to be made within 30 days after the availability of such profits.

D. Abandonment of Certain Property

On the Effective Date the Debtors shall abandon all rights, claims and interest, if any, in and to funds deposited in a CNA Trust Account for Rutland Claims for payment of Asbestos Personal Injury Claims, the corpus of which shall be paid over to counsel for claimants (for the benefit of such claimants) whose claims were settled pursuant to a certain letter agreement of Rutland's defense counsel Siemon, Huckabay, Bodary, Padilla, Morganti & Bowerman, dated September 9, 1997, in connection with the Saginaw Asbestos Foundry cases. The sum in this account is \$39,689.00, plus interest accrued thereon, if any. The claimants are represented by the law firm of Goldberg Persky Jennings & White. Because these monies were transferred to a trust account pursuant to a written trust agreement executed in 1997, and because these monies were dedicated to the payment of settled asbestos claims that were the subject of a written settlement agreement, the Debtors have concluded that these monies are not property of their Estates. By abandoning any interest in these monies, they will be paid over to the counsel representing the claimants in the above-referenced settlement, on account of those claimants.

E. Executory Contracts - Assumption and Rejection

The Debtors have reviewed all executory contracts and unexpired leases and determined to assume all of them. In addition, the Debtors know of no defaults in any of the executory contracts and believe that no claims will arise from the assumption of such executory contracts. The Debtors intend to assume their executory contracts and/or unexpired leases with the following Entities: Cupola-Rococo; AT&T Wireless Services; PCS, Inc.; and Pallet Pro's, Inc.; SoVerNet, Inc.; Macola Software; Sterling Commerce;

CityScape Jacksonville; Nova Electronics Data, Inc; GTE Network Services; Network Solutions; Ikon Office Solutions; Bell South; Pitney Bowes; Geoge Alarm Co., Inc.; Sam's Mowing; Mr. Delos G. Pollard; and AT&T.

IV. GENERAL INFORMATION ABOUT RUTLAND

A. Current Business

1. Description. Rutland is a manufacturer of specialty maintenance products used for wood stove and fireplace repair as well as home repair products such as caulking and patching products. Rutland's primary business is in the wood stove and fireplace segment of its business which represents a majority of total sales. Its primary customers are hardware store chains, home centers, discount mass merchants, and fireplace specialty retailers. Currently the principal products of Rutland are 1) High temperature cements and mortars, 2) Fireplace cleaners, 3) Fire starters for wood and charcoal fires, 4) Flame colorants for wood fires, 5) Other specialty wood stove and fireplace products, and 6) Home repair specialties. The marketplace for the Company's products encompasses distribution channels which are consolidating. There are fewer customers every year and the largest few of these customers are getting larger. Brand loyalty and product quality considerations have been replaced with purchasing decisions based strictly on price in many instances. While relations with the companies top customers is very good experience has shown that customers do switch product lines very easily. Each year presentations must be made with these large customers which could result in the loss of that customer's entire business. The loss of any one

of the Company's top five accounts would have a material effect on sales and profits.

2. Acquisition of Certain Assets of Worcester Brush. By order entered July 11, 2000 the Bankruptcy Court approved and authorized the acquisition of certain assets of Worcester Brush Company ("Worcester") by Rutland. Worcester is engaged in the business of manufacturing chimney brushes and fireplace cleaning compounds competitive with Rutland and is located in Worcester, Massachusetts. Worcester agreed to sell its assets to a combination of Schaefer Brush Company ("Schaefer") and Rutland but because of timing and Rutland's bankruptcy proceedings, Worcester sold the assets to Schaefer and upon court approval Schaefer then sold designated assets to Rutland for approximately \$660,000 plus a 10% royalty payment on actual sales by Rutland over the following three years to Worcester customers of Worcester products. A substantial portion of the assets purchased by Rutland, approximately 70%, consisted of inventory and to a smaller degree, raw materials. The expected sales associated with the product lines acquired by Rutland is approximately \$3 Million annually. Associated with the acquisition will be an expansion of Rutland's Jacksonville, Illinois plant from approximately 31,000 square feet to 43,500 square feet at a cost of \$275,000. The initial acquisition costs were financed by use of Rutland's seasonal financial credit line and the turnover and sale of the recently acquired inventory. The recent acquisition is anticipated to increase net operating profits by approximately 100%. In connection with the acquisition as well as Rutland's regular financing of its operations, the Court also entered an order on July 11, 2000 authorizing the Debtors' use of a \$1,250,000 seasonal line of credit.

3. Suppliers. Rutland utilizes various suppliers of raw materials and packaging. Relationships are good and no long-term supply contracts are in place. There are supply agreements with two suppliers

which allow Rutland favorable buying conditions. Terms from many major vendors include cash discounts of 1 and 2 percent for payment within a shortened payment period. Rutland typically takes the discount whenever its cash position allows.

4. Customers. Rutland currently sells to approximately 500 customers. Most of these are long-standing relationships. The customers are served by over forty manufacturer's representatives and the staff at the Company's headquarters in Rutland, Vermont. The customer base includes hardware distributors, home center chains, fireplace specialty shops, plumbing and heating supply houses, discount mass merchants, and mail order chains. Essentially all of the Company's business is in the United States. Currently nine customers account for approximately 54% of total sales.

5. Products. The company's main product line, fireplace and wood stove care and repair products, is a very mature market. Product innovation is limited to line extensions and product or merchandising improvements. Rutland has a broad line of chemical specialty fireplace and wood stove products. Rutland is unique among its peers in that they employ an in-house chemist who develops products, providing what is thought to be quicker turnaround on new product ideas and thereby establishing Rutland as the new product leader in the industry.

6. Employees and Facilities. Currently, Rutland employs approximately 23 people at its two facilities. The Company has operating facilities and employees in the following locations:

7 Crabtree Road, Jacksonville, Ill. -	14	employees
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The Jacksonville, Illinois Facility is Rutland's manufacturing facility and presently has approximately 32,000 square feet.

Rutland also owns a plant located at 2901 Northwest Boulevard, Gastonia, N.C., which has approximately 23,000 square feet and is no longer used for Rutland's business. It is presently leased to an independent, unrelated third party through May 2001. This property, a company manufacturing plant from 1961 to 1996, has gasoline and diesel contamination of unknown origin in the soils under a parking area. The extent of this contamination is undetermined. A sale of this property in 1996 was not consummated because of the buyer's inability to secure bank financing due to the contaminated soils. Under current laws and to the best of management's knowledge, no immediate cleanup of the contamination is required. However, extensive engineering will be required to determine the extent of the necessary cleanup. Engineering testing and attempted cleanup costs to date have totaled about \$15,000. Under the circumstances it is uncertain whether a buyer for the property can be found. This property is leased for \$4,400 per month net through April 2001 with a one-year renewal option at \$4,400 per month. In addition AT&T leases a cellular tower site on the back of the property for \$650 per month and this lease has one year left to run with four 5 year renewal options with a 20% rent increase per renewal.

7. Competition. Rutland operates within a very small niche market. While competition is somewhat limited due to market size it does exist nonetheless. Rutland believes that many of its customers

appreciate the broader product offering and that without such breadth its success with these customers would be limited.

Rutland is well-positioned from a quality and service perspective. Rutland, alone in the industry, manufactures nearly all its chemical products and in addition has the longest history in the industry. In spite of these advantages competitors have taken over the business of some of the better accounts, primarily by the use of low prices.

Rutland views the majority of its competition arising from:

Heatsafe	Redmond, WA
Kel-Kem	Ontario, Canada

Each of these competitors sells fireplace and woodstove specialties like Rutland. Each has at least one of the top 10 accounts in North America in this industry.

The Company's business is highly seasonal. The business peaks from July through November. The Company encourages customers to buy earlier than they normally would in order to keep its employees busy during the slower months and to allow the company to maintain a high level of service to its customers during the busy season. As additional enticement to buy early, the company provides extended payment terms ("Dating Terms", in the industry) which allow up to 6 months to pay for an order. The

Dating Terms are standard in the industry and as such the Company has offered them for many years. Bank financing in the form of lines of credit are necessary to finance the Company's business when Dating Terms are utilized. Currently the company has \$1,250,000 in lines of credit to finance on-going operations and to fund all payments required on the Effective Date, and for all allowed Administrative Expenses.

8. Major Business Objectives. Management has focused on three principal strategies that may assist the Company to attain its projected operating results. The three areas are: cost reductions, alternative growth-oriented opportunities, and joint ventures. Cost reductions have focused on supplier consolidation, outsourcing of labor, and overhead reduction. To date several products have been outsourced and overhead was reduced by \$10,000 in 1999.

Alternative growth-oriented opportunities exist for the Company and need to be explored. Counter-seasonal products are most helpful as the Company has operating losses during the slower spring months. Joint ventures to date have allowed the Company to add allied products for which it has a ready market. Additional similar alliances may be undertaken in the future.

9. Capital Requirements. It is anticipated that \$125,000 will be required in capital improvements each year at a minimum for the next five years. The Company has some very old equipment which results in very high repair expenses. This equipment should be replaced which will require funds up front but should save money over time due to repair expense reduction.

B. Management.

The senior management of Rutland consists of the following and they will continue as such with the reorganized Rutland:

Thomas P. Martin, President, CEO and member of Board of Directors, age 40. Responsible for all administration. Perkins family member and employed by Rutland since 1987. From 1984 to 1987 employed by General Electric Company. From 1982 to 1984 employed by Westinghouse Electric Corporation. Holds a B.S. in Mechanical Engineering from the University of Lowell, Lowell, MA.

Mary L. Danforth, Treasurer, age 61 Responsible for all financial accounting. Employed by Rutland since 1957.

C. Ownership.

Current ownership of Rutland Fire Clay Company is split among 40 persons. Thomas Martin holds the largest block of stock with 28.8% ownership. The members of the Perkins family hold over 80% ownership of the stock with the remainder mostly in the hands of current and former employees. Current stockholders will have their ownership eliminated under the Plan and will not receive any distribution pursuant to the Plan.

Rutland, Inc. is 99.9% owned by Rutland Fire Clay Company. The remainder is split among three

persons. Rutland, Inc. will be merged into Rutland Fire Clay Company as of or as soon as practical after the Effective Date of the Plan. All shares existing and outstanding prior to the Effective Date will be canceled pursuant to the Plan.

D. Historical Background.

Rutland was founded in 1883 by Rufus and Arthur Perkins and incorporated as a Vermont Corporation in 1908. It is still majority owned and controlled by the founding family. The current President of the company, Thomas Martin, is the great-great grandson of Rufus Perkins.

The Company has one 99.9% owned subsidiary, Rutland, Inc. which is subject to its own Chapter 11 filing, herein consolidated with Rutland Fire Clay Company. Rutland, Inc. was formed by Rutland Fire Clay Company in 1961. Rutland Inc. was owned by substantially the same but not identical shareholders from 1961 until 1996. Rutland Inc. was incorporated as an Illinois corporation and was operated as a separate corporate entity. In 1996 Rutland Fire Clay Company sought to eliminate duplication of operations and overhead by purchasing the stock and control of Rutland Inc. In 1996 Rutland Fire Clay Company purchased from all but three shareholders 99.9% of the Rutland Inc.'s shares for a price of \$6 per share paying a total of \$704,244. Rutland distributed some of Rutland Fire Clay Company's asbestos containing products until 1978. Rutland, Inc. never manufactured asbestos containing products. Rutland, Inc. and Rutland Fire Clay sold the same product lines but operated in different geographic areas with Rutland Fire Clay handling the eastern portion of the country and Rutland, Inc. handled the balance of the country.

E. Real Estate.

Rutland's Gastonia, North Carolina property, a company manufacturing plant from 1961 to 1996, has gasoline and diesel contamination of unknown origin in the soils under a parking area. The extent of this contamination is undetermined. A sale of this property in 1996 fell through due to the buyer's inability to secure bank financing due to the contaminated soils. Under current laws and to the best of management's knowledge no immediate cleanup of this contamination is required however extensive engineering will be required to determine the extent of the necessary cleanup. Engineering testing and attempted cleanup costs to date have totaled about \$15,000. Under the circumstances it is questionable whether a buyer for the property could be found. This property is leased for \$4,400 per month net through April 2001 with a one-year renewal option at \$4,400 per month. In addition AT&T leases a cellular tower site on the back of the property for \$650 per month and this lease has one year left to run with four 5 year renewal options with a 20% rent increase per renewal.

F. Environmental Claims.

As previously disclosed the Company has an undetermined soil contamination cleanup liability at its facility in Gastonia, North Carolina. As such no allowances have been made in the accompanying financial statements to recognize this liability.

G. Historical Consolidated Operations.

Historical financial information regarding the Debtor is set forth in Exhibit 8 hereto, consisting of the unaudited consolidated balance sheets and statements of income of the Debtor and its subsidiary for each of the last three years ended December 31, 1999, 1998 and 1997.

H. Summary and Conclusion.

Assuming a Plan of Reorganization is confirmed and implemented, Rutland has the financial, business and management ability to continue its operations and to modestly expand its business. The senior management team is committed to the future prospects of Rutland's business. With the continuation of the existing business from the 600 core customers plus the benefits to be reaped as a result of more efficient production operations and the advent of new and more profitable products, Rutland should enjoy improved profit margins concomitant with the modest growth in the annual revenues that have been forecast.

It should be noted that the projected summaries of financial data have been prepared by the Company's management on an unaudited basis, without warranty or representation, based on the assumption that Rutland's Plan of Reorganization will be accepted, that Rutland will no longer be subject to suits brought by asbestos claimants, and that Rutland's only continuing obligation to such claimants will be those expressly set forth in the Plan and Confirmation Order. The projections are for financial illustration purposes and are on a tax basis.

Nothing contained in the Plan or this Disclosure Statement is, or shall be, relied upon as a promise

or representation as to the future. The information contained herein may be utilized solely for each class of creditors to determine their vote upon the proposed Plan of Reorganization and the information contained herein should not be distributed or relied upon for any other purpose without the prior written consent of the Debtors.

The Debtors have prepared financial projections based on information available as of the date of this Disclosure Statement. The projections, in the form of financial statements for each of the five years in the period ending November 30, 2005, are based on assumptions concerning future events and circumstances, on a tax basis. The Debtors caution that, although the projected financial statements have as their basis Rutland's reviewed financial statements through November 30, 1999 and an assessment of Rutland's current business and its future prospects, no representations can be made with respect to the accuracy of the projections or the ability to achieve the projected results.

V. DESCRIPTION OF THE ASBESTOS TRUST AND THE ASBESTOS TRUST DOCUMENTS

The following summarizes the terms of the Asbestos Trust and the Asbestos Trust Documents. It is intended only to be a summary, and claimants should review the Asbestos Trust Documents. A copy of the Asbestos Trust is attached as Exhibit 2; copies of the Asbestos Bodily Injury Claims Resolution Procedures and the Asbestos Property Damage Claims Resolution Procedures are attached as Exhibits 3 and 4 respectively to the Plan. Creditors are referred to the foregoing for a complete understanding of the operations of the Asbestos Trust. The following summary is qualified in its entirety by such documents. For a further discussion of the Asbestos Trust, see Section V, entitled, "Description of the Asbestos Trust and the Asbestos Trust Documents".

A. General Description of the Asbestos Trust.

1. Creation of the Asbestos Trust. On the Effective Date, the Asbestos Trust shall be created and established, pursuant to the terms of the Asbestos Trust Documents, as a designated settlement fund or a qualified settlement fund, within the meaning of section 468B of the Internal Revenue Code and the regulations issued by the Internal Revenue Service pursuant to such statute. On the Effective Date, the Asbestos Trust shall be deemed the successor to the Committee with respect to any then pending motions, contested matters, adversary proceedings or appeals to which the Committee was a party.

2. Transfer of Property to the Asbestos Trust. On the Effective Date, the Debtors shall transfer, or cause to be transferred, to the Asbestos Trust the Asbestos Trust Distribution. For a further description of the assets being transferred to the Asbestos Trust see Section II, entitled, "Overview of The Plan ."

3. Assumption of Liabilities by the Asbestos Trust. In consideration of the property transferred to the Asbestos Trust pursuant to Section 8.3 of the Plan and in furtherance of the purpose of the Asbestos Trust and the Plan, the Asbestos Trust will assume all liability and responsibility for all Asbestos-Related Claims, Demands and Transactions Stipulation Claims and New Rutland shall have no financial or other responsibilities for or in connection with such Claims or Demands.

4. Appointment of Trustees. The Asbestos Trust shall initially be managed by an Independent Trustee (the "Managing Trustee") selected by the Committee. The Asbestos Trust shall have as a second trustee an Institutional Trustee qualified in Delaware so that the Asbestos Trust is qualified as a Delaware

Business Trust. Pre-Confirmation, the Managing Trustee shall have no affiliation with the Debtors, except that he may have served as a Consultant to the Debtors during the Chapter 11 Proceedings, is not a holder of Asbestos-Related Claims or Demands, and does not and has not personally represented, in connection with an Asbestos-Related Claim or Demand, any Entity who asserts or who has asserted an Asbestos-Related Claim or a Demand. The Managing Trustee shall serve until the earlier of such person's death, incapacity, resignation or removal. The Institutional Trustee shall serve until its resignation or removal. All successor Trustees shall be appointed in accordance with the terms and conditions contained in the Asbestos Trust Agreement. The Trustee shall be deemed to be (and the Confirmation Order shall so provide that any such Trustee is) a "party in interest" within the meaning of section 1109(b) of the Bankruptcy Code.

5. *Purpose and Goals of the Asbestos Trust.* The purposes of the Asbestos Trust are: (i) to assume any and all liabilities of the Debtors and their successors in interest with respect to any and all Asbestos-Related Claims and Demands within the meaning of section 524(g) of the Bankruptcy Code; (ii) to use the assets and income of the Asbestos Trust to pay holders of valid Asbestos Related Claims and Demands in accordance with the Asbestos Trust Documents; and (iii) to otherwise comply in all respects with the requirements of a trust set forth in section 524(g)(2)(B)(i) of the Bankruptcy Code through the provisions of the Asbestos Trust Agreement and the Asbestos-Related Claims Resolution and Distribution Procedures.

6. *Compensation to and Indemnification of the Trustees.* The Trustees shall receive compensation for their services, and shall be indemnified, in accordance with the terms of the Asbestos

Trust Agreement.

7. *Retention of Professionals and Employees.* The Asbestos Trust may retain the services of attorneys, accountants, valuation experts, employees and other agents necessary to assist and advise the Trustees in the performance of their duties in accordance with the terms and provisions of the Asbestos Trust Documents.

8. *Payment of Certain Costs.* New Rutland, may retain professionals to facilitate the distribution of Cash and other property pursuant to the Plan, to prosecute objections to certain Claims and Interests, and to take all further action necessary to complete the Chapter 11 Cases and obtain entry of a final Order and Decree closing the Debtors' Estates, as set forth in Article XV of the Plan. New Rutland shall be responsible for the payment of the fees and expenses of such professionals and also all fees and expenses of the Committee and its professionals and of the Legal Representative of the Future Claimants until their authority is terminated under the Plan, such payment to be made within thirty (30) days of the submission by such professionals and other persons of reasonably detailed invoices. The Asbestos Trust or the Debtors may object to the payment of such invoices within ten days of their submission; provided, however, that New Rutland shall remain obligated to pay the undisputed portion of each such invoice within thirty (30) days from the date of submission. The resolution of the disputed portion of any such invoice, if not otherwise resolved by an agreement among such professional and other persons, New Rutland and the Asbestos Trust, shall be subject to the exclusive jurisdiction of the Court.

9. *Trust Advisory Committee.* A Trust Advisory Committee ("TAC") shall be appointed by the

Committee to consult with and advise the Managing Trustee. The TAC shall have such other duties and authority as set forth in the Asbestos Trust Documents. If fees and expenses of the TAC shall be paid by the Asbestos Trust and the Asbestos Trust shall indemnify the TAC in accordance with the terms of the Asbestos Trust Documents. In addition, the TAC may retain the services of attorneys, accountants, valuation experts and other professionals necessary to the performance of its duties. Members of the Committee and their representatives are eligible to serve as members of the TAC. Pursuant to Section 8.9 of the Plan the TAC shall be deemed to be (and the Confirmation Order shall provide that the TAC is) a "party in interest" within the meaning of section 1109(b) of the Bankruptcy Code.

10. Certain Property to be Held in Trust by New Rutland. If and to the extent that any property of the Debtors under applicable law or any contractual provision cannot be effectively transferred and assigned to the Asbestos Trust, or such transfer or assignment shall in any manner impair, adversely affect or threaten to impair such property or its value, or if New Rutland shall receive any such property (and any proceeds thereof), then such transfer or assignment shall be void *ab initio*, and New Rutland shall notify the Asbestos Trust immediately of such matter and retain such property in trust for the benefit of the Asbestos Trust and shall take all reasonable actions to hold and retain such property in trust for the benefit of the Asbestos Trust and promptly upon receipt thereof, take such actions as are necessary to perfect such trust, such as in the event the property is cash check or negotiable instruments, deposit same in a trust account so named for the benefit of the Asbestos Trust and, following such notice, shall take only such actions with respect to such property (and proceeds thereof) as the Managing Trustee reasonably may direct in writing.

11. Preservation of Rights and Defenses. The Asbestos Trust shall have, with respect to each Asbestos-Related Claim among other things, all defenses (including but not limited to all defenses under section 502 of the Bankruptcy Code), affirmative defenses, rights of setoff and recoupment, counterclaims and rights of contribution, reimbursement, subrogation and indemnity (a) that the Debtors would have had under applicable law if (i) the Chapter 11 Case had not occurred and (ii) the holder of such Asbestos-Related Claim or Demand had asserted such Asbestos-Related Claim or Demand by initiating civil litigation against the Debtors, and (b) that the Debtors now has or has ever had.

B. Asbestos-Related Claims Resolution and Distribution Procedures.

The Asbestos Trust shall implement the Asbestos-Related Claims Resolution and Distribution Procedures in accordance with the terms of the Asbestos Trust Documents. For more information concerning these procedures, see Section V, entitled, "Description of the Asbestos Trust and the Asbestos Trust Documents - Asbestos-Related Claims Resolution and Distribution Procedures" and Exhibits 2, 3 and 4 to the Plan.

Limitation on Fees. The contingency fees required to be paid by an Asbestos Claimant or Future Claimant to the attorney, group of attorneys, law firm or law firms representing such Asbestos Claimant or Future Claimant shall be capped at 25%, in the aggregate, of any amount paid by the Asbestos Trust to each Asbestos Claimant or Future Claimant.

VI. CONFIRMATION/CONSUMMATION PROCEDURES.

A. Solicitation of Votes.

1. Voting Procedures for Asbestos-Related Claims. Because of the Debtors' numerous Asbestos Claimants, the Committee, the Legal Representative, and the Debtors, filed the Voting Procedures Motion seeking the establishment of certain voting procedures in the Chapter 11 Case, including the following relief:

- (a) the approval of an estimation procedure for Asbestos-Related Claims for voting purposes only pursuant to which each Class 4 claimant will be entitled to cast one vote in the amount of \$1.00, regardless of damages sought;
- (b) the approval of a form of special ballots (the "Class 4 Special Ballots") to be utilized by holders of Asbestos-Related Claims and authorization to mail the Class 4 Special Ballots directly to counsel who represent Asbestos-Related Claimants; and
- (c) the approval of a form of certification to be utilized by counsel who are authorized to cast ballots on behalf of multiple claimants.

2. Court Approval of Voting Procedures. By Order dated October 13, 2000 the Court granted the relief requested in the Voting Procedures Motion and entered the Voting Procedures Order.

ACCORDINGLY, IF YOU ARE A HOLDER OF A CLASS 4 ASBESTOS-RELATED CLAIM AGAINST THE DEBTORS, YOU MUST RETURN THE *COMPLETED AND SIGNED* CLASS 4

SPECIAL BALLOT TO THE ADDRESS LISTED ON THE FORM NO LATER THAN 5:00 P.M. (EASTERN STANDARD TIME) ON NOVEMBER 14, 2000 (the "Voting Deadline"), TOGETHER WITH ATTACHMENTS, IF ANY. **FAILURE TO DO SO WILL RESULT IN YOUR VOTE NOT BEING COUNTED WITH RESPECT TO THE DEBTORS' PLAN OF REORGANIZATION.**

ACCORDINGLY, IF YOU ARE A HOLDER OF A CLASS 5 SETTLED CLAIM, YOU MUST RETURN THE *COMPLETED AND SIGNED* CLASS 5 BALLOT TO THE ADDRESS LISTED ON THE FORM NO LATER THAN 5:00 P.M. (EASTERN TIME) ON NOVEMBER 14, 2000 (the "Voting Deadline"), TOGETHER WITH ATTACHMENTS, IF ANY. **FAILURE TO DO SO WILL RESULT IN YOUR VOTE NOT BEING COUNTED WITH RESPECT TO THE DEBTORS' PLAN OF REORGANIZATION.**

IF YOU ARE A HOLDER OF A CLASS 7 COMMON STOCK INTEREST IN THE DEBTORS, YOU NEED NOT EXECUTE OR RETURN A BALLOT BECAUSE YOU ARE CONCLUSIVELY DEEMED TO HAVE REJECTED THE PLAN. In accordance with section 1126(g) of the Bankruptcy Code, holders of Class 7 Interests are deemed to have rejected the Plan and are not entitled to vote thereon.

3. Authority to Cast Votes on the Plan. You are encouraged to read the Plan, as well as this Disclosure Statement, and to **CAST YOUR OWN VOTE** with respect to the Debtors' Plan of Reorganization. If you are represented by counsel, **YOUR COUNSEL MAY CAST YOUR VOTE ON YOUR BEHALF.**

4. Voting Instructions. **THE DEADLINE FOR RETURNING ALL BALLOTS AND CLASS 4 SPECIAL VOTING BALLOTS IS 5:00 P.M. (EASTERN STANDARD TIME) ON NOVEMBER 14, 2000.** Pursuant to the Bankruptcy Code, only classes of claims or equity interests that are impaired are entitled to vote.

In accordance with sections 1126 and 1129 of the Bankruptcy Code, the Claims and Interests in each of Classes 4A, 4B, 5 and 7 of the Plan are impaired, and the holders of Claims in Classes 4A, 4B and 5 are entitled to vote to accept or reject the Plan in the manner and to the extent set forth in the Voting Procedures Order and the Disclosure Statement Order (collectively, the "Orders"). Pursuant to the Orders, any Entity holding a Class 4 or 5 Claim may vote on the Plan so long as such Claim has not been disallowed and is not the subject of an objection pending or otherwise resolved as of the date of approval of this Disclosure Statement by the Court on October 13, 2000. Nevertheless, if a Class 4 or 5 Claim is the subject of such an objection, the holder thereof may vote if, prior to the Voting Deadline (November 14, 2000), such holder obtains an order of the Court, or the Court approves a stipulation among the Debtors, the Committee and the Legal Representative and such holder fully or partially allowing such Claim, whether for all purposes or for voting purposes only.

Claims in each of Classes 1, 2, 3 and 6 are unimpaired. The holders of Allowed Claims in each of such classes are conclusively presumed to have accepted the Plan, and the solicitation of acceptances with respect to each such Class is not required under section 1126(f) of the Bankruptcy Code.

As to classes of impaired Claims entitled to vote on a plan, section 1126(c) of the Bankruptcy

Code defines acceptance of a plan by an impaired class of Claims as acceptance by holders (other than claims held by any holder designated pursuant to section 1126(e) of the Bankruptcy Code) of at least two-thirds in dollar amount and more than one-half in number of the allowed Claims of that class that have actually timely voted to accept or reject a plan. In addition, as to classes of Interests entitled to vote on a plan, section 1126(d) of the Bankruptcy Code defines acceptance of a plan by an impaired class of Interests as acceptance by holders (other than interests held by any holder designated pursuant to section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the allowed Interests that actually timely voted to accept or reject a plan.

Each holder of a Claim that is entitled to vote will receive one Ballot or Class 4 Special Ballot for each class of Claim within which such holder is entitled to vote. Please return your completed Ballot by the Voting Deadline to the Debtors' Counsel.

B. Confirmation.

1. Confirmation Hearing.

The Bankruptcy Code requires the Court, after notice, to hold a confirmation hearing. A hearing on the confirmation of the Plan shall be held jointly before the Honorable Colleen A. Brown, United States Bankruptcy Judge, and the Honorable J. Garvan Murtha, United States District Judge, at The United States District Court, the United States Post Office Building, West Street, Rutland, Vermont on November 17, 2000, 9:00 a.m., Eastern Standard Time. The Confirmation Hearing may be adjourned

from time to time by the Court without further notice, except for an announcement of the adjourned date made at the Confirmation Hearing.

Any objection to confirmation must be made in writing and must specify in detail the name and address of the objector, all grounds of the objection, and the amount and class of the Claim or number of shares of Common Stock held by the objector. Objections to confirmation of the Plan must be filed with the Court and served upon the following parties no later than 5:00 p.m., Eastern Time, on November 14, 2000: (i) Mr. Thomas Martin, President, Rutland Fire Clay Company, 86 Center St., P.O. Box 340, Rutland, Vermont 05072, facsimile number (802) 775-5262; (ii) Raymond Obuchowski, Esq., Obuchowski Law Office, Counsel to the Debtors, Route 107, P.O. Box 60, Bethel, Vermont 05032, facsimile number (802) 234-6244 (iii) John J. Preefer, Esq., Counsel to the Official Tort Claimants Committee, 630 Third Ave. 17th Floor, New York, New York 10017, facsimile number (212) 808-5264; (iv) Richard Levy, Jr., Esq., Legal Representative of Future Claimants, c/o Freeman Forrest & Levy, LLP, 415 Madison Avenue, New York, New York 10017, facsimile number (212) 980-4055; and (v) Office of the United States Trustee, Attn: Kevin Purcell, Esq., 74 Chapel Street, Suite 200, Albany, New York 12207.

2. Confirmation Standards.

Compliance with the Bankruptcy Code. At the Confirmation Hearing, the Court will confirm the Plan only if all of the requirements of section 1129 and section 524 of the Bankruptcy Code are met. The requirements, in relevant part, are the following:

- (i) The Plan and the Debtors must comply with the applicable provisions of the Bankruptcy Code.
- (ii) The Plan must have been proposed in good faith and not by any means forbidden by law.
- (iii) Any payment made or to be made by the Debtors, or by a Person issuing securities, or acquiring property under the Plan, for services or for costs and expenses in, or in connection with, the Chapter 11 Case or in connection with the Plan and incident to the Chapter 11 Case must have been approved by, or be subject to the approval of, the Court as reasonable.
- (iv) The Debtors must have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director or officer of the Debtors or a successor to the Debtor under the Plan, and the appointment to or continuance in such office by such individual must be consistent with the interests of creditors and equity security holders and with public policy. The Debtors must have disclosed the identity of any "insider" (as defined in section 101(31) of the Bankruptcy Code) who will be employed or retained by New Rutland or any other successor to the Debtors and the nature of any compensation for such insider.
- (v) With respect to each impaired class of Claims or Interests, each holder of a Claim or Interest in such class must either accept the Plan or receive or retain under the Plan on account of such Claim or Interest, property of a

value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtor was liquidated on the Effective Date under chapter 7 of the Bankruptcy Code.

- (vi) Each class of Claims or Interests must either accept the Plan or not be impaired under the Plan. If this requirement is not met, the Plan may still be confirmed pursuant to section 1129(b) of the Bankruptcy Code.
- (vii) Except to the extent that the holder of a Claim has agreed to accept less favorable treatment by settlement or otherwise, on account of such Claim, the Plan must provide that (1) Administrative Expenses will be paid in full in Cash on the Effective Date, (2) the holder of a Tax Claim will receive on account of such Claim (a) a cash payment equal to the Allowed Amount of such Claim or, (b) deferred cash payments over a period not exceeding six years after the date of assessment of such Claim, of a value, as of the Effective Date, equal to the Allowed Amount of such Claim, and (3) Priority Claims will be paid in full in Cash on the Effective Date.
- (viii) If a class of Claims is impaired under the Plan, at least one class of Claims that is impaired by the Plan must accept the Plan, determined without including any acceptance of the Plan by any "insider."
- (ix) in that the proposed plan does not comply with Section 1129 (a) (8) because the class of interest holders (Class 7) is impaired and is deemed to have rejected the Plan, the Plan must also comply with 1129 (b)(1) and (2)(C). As such, the proponent of the Plan, the Debtors, request that the

Court confirm the Plan and find that it does not discriminate unfairly and is fair and equitable with respect to the rejecting Class 7 Interest Holders. Therefore, with respect to the Interests, the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property.

3. Conditions to Effectiveness.

The "effective date of the plan," as used in section 1129 of the Bankruptcy Code, will not occur, and the Plan will be of no force and effect, until the Effective Date. On or before the Effective Date, the following conditions precedent must be satisfied or waived, collectively, by the Debtor, the Committee and the Legal Representative, in whole or in part, in a writing to be filed with the Court or the Plan shall not become effective. No other or further notice need be given, nor must leave or Order of the Court be obtained.

(1) There shall not be any stay in effect with respect to the Confirmation Order and, if separate, the Order establishing the Permanent Channeling Injunction.

(2) The Confirmation Order and, if separate, the Order establishing the Permanent Channeling Injunction shall, to the extent required by Section 524(g) of the Bankruptcy Code, have been issued or affirmed by the United States District Court for the District of Vermont (the "District Court") and shall have become one or more Final Orders and shall

have been duly entered on the docket of the Clerk of the District Court.

(3) The Confirmation Order and the Permanent Channeling Injunction shall be in full force and effect.

(4) The Trustees of the Asbestos Trust and the Trust Advisory Committee shall have been selected in accordance with the terms of the Asbestos Trust Agreement.

(5) All Trustees of the Asbestos Trust shall have executed the Asbestos Trust Agreement.

(6) The Certificate of Merger shall have been filed with the Offices of the Secretary of State of the State of Vermont and the State of Illinois.

If a Final Order is entered denying confirmation of the Plan, (i) the Confirmation Order will be vacated, (ii) no distributions shall be made under the Plan, (iii) the Debtors and all holders of Claims, Demands and Interests will be returned to the status quo ante, and (iv) all of the Debtors' rights and obligations with respect to the Claims and Interests will remain unchanged.

VII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors believe that the Plan affords holders of Claims and Demands the potential for the greatest realization of assets from the estate and, therefore, that it is in the best interests of creditors. In

reaching this conclusion, the Debtors have considered alternatives to the Plan as set forth below.

A. Alternative Plan of Reorganization.

If the Plan is not confirmed and consummated, the Debtors' alternatives include (i) liquidation of the Debtors under chapter 7 or 11 of the Bankruptcy Code and (ii) the preparation and presentation of an alternative plan of reorganization.

If the Plan is not confirmed, the Debtors or any other party in interest could attempt to formulate a different plan of reorganization. Such a plan might involve either a reorganization and continuation of the Debtors' business or an orderly liquidation of its assets.

The Debtors believe that the Plan enables the Debtors to emerge from chapter 11 successfully and expeditiously, preserves its business, and allows holders of Claims and Demands to realize the highest recoveries under the circumstances.

B. Chapter 11 Liquidation.

In a liquidation under chapter 11 of the Bankruptcy Code, it is assumed the assets of the Debtors would be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7, and a trustee need not be appointed. Accordingly, creditors could receive greater recoveries than in a hypothetical chapter 7 liquidation. Although a chapter 11 liquidation generally is preferable to a chapter

7 liquidation, the Debtors believe that a liquidation under chapter 11 is much less attractive to holders of Claims, Demands and Interests because a greater return is provided to holders of Claims, Demands and Interests in the Plan.

C. Chapter 7 Liquidation.

If no chapter 11 plan can be confirmed and consummated, the chapter 11 case may be converted to a case under chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed to liquidate the assets of the Debtor. The Debtors believe that liquidation under chapter 7 would result in (i) smaller distributions, if any, being made to creditors and shareholders than those provided for in the Plan because of the additional administrative expenses involved in the appointment of a trustee and attorneys and other professionals to assist such trustee, (ii) additional expenses and claims, some of which could be entitled to priority, which would be generated during the liquidation and from the rejection of unexpired leases and executory contracts in connection with the cessation of the Debtor's operations, and (iii) the failure to realize the greater, going concern value of all of the Debtor's assets. In addition, in the event of a conversion to Chapter 7, the Debtors are advised by counsel that Demands (asbestos claims not yet recognized or cognizable in law) would not share in any liquidation dividend. Thus, all holders of Demands would be permanently deprived of the right and opportunity to participate in the Debtors reorganization.

The Debtors have analyzed what they believe would be the financial result of a forced liquidation of their business. Attached hereto as Exhibit 9 is the Debtors' "Liquidation Analysis".

VIII. PRO FORMA FINANCIAL STATEMENTS AND PROJECTIONS

Attached hereto as Exhibit 5 is a condensed consolidated pro-forma projected balance sheet for New Rutland as of November 30, 2000. In addition, attached hereto as Exhibit 6 is a consolidated projected financial statements for New Rutland for the years 2000-2005.

IX. MANAGEMENT OF NEW RUTLAND

A. The Board of Directors of New Rutland.

On and after the Effective Date, the management, control and operation of New Rutland will become the general responsibility of the Board of Directors of New Rutland. Upon consummation of the Plan, the Amended and Restated Certificate of Incorporation and the Amended and Restated By-laws of New Rutland will provide that the Board of Directors of New Rutland shall consist of three (3) directors who shall be Sylvester F. Miniter, III, the designated Managing Trustee of the Asbestos Trust, Thomas P. Martin and Mary Danforth, current employees of the Debtors. Appended hereto as Exhibit 10 is a resume of Mr. Miniter.

The Board of Directors in effect on the Effective Date shall serve on the Board until the Asbestos Trust determines to elect new or additional directors.

B. Executive Officers.

1. Identity of Officers. Set forth below is the name, age and position with New Rutland of each of the executive officers of New Rutland (collectively, the "Executive Officers"), together with a description of each officer's employment history.

Thomas P. Martin, President, CEO and member of Board of Directors, age 40. Responsible for all administration. Perkins family member and employed by Rutland since 1987. From 1984 to 1987 employed by General Electric Company. From 1982 to 1984 employed by Westinghouse Electric Corporation. Holds a B.S. in Mechanical Engineering from the University of Lowell, Lowell, MA.

Mary L. Danforth, Treasurer, age 61 Responsible for all financial accounting. Employed by Rutland since 1957.

2. Compensation of Officers. The following table sets forth information regarding the current annual salary and compensation paid, distributed and accrued by Rutland for the current and immediately preceding two calendar years to or on account of the Executive Officers:

Year	Thomas Martin Salary	Mary Danforth Salary
Current	\$ 97,920	\$ 47,040
1999	\$ 97,920	\$ 47,040
1998	\$ 95,000	\$ 45,500

X. CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a general summary of certain federal income tax aspects of the Plan, and should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular holder of a Claim or Interest.

The following discussion is based upon existing provisions of the Internal Revenue Code of 1986, as amended (the "Tax Code"), existing and proposed regulations thereunder, and current administrative rulings and court decisions. No assurance can be given that legislative or administrative changes or court decisions may not be forthcoming which would require significant modification of the statements expressed in this section. Certain tax aspects of the Plan are uncertain due to recent legislation and the lack of applicable regulations and other tax precedent.

THE DEBTORS ARE NOT REQUESTING A RULING FROM THE INTERNAL REVENUE SERVICE (THE "IRS") WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPINION OF COUNSEL HAS BEEN OBTAINED BY THE DEBTORS WITH RESPECT THERETO. ACCORDINGLY, NO REPRESENTATIONS OR ASSURANCES ARE BEING MADE WITH RESPECT TO THE FEDERAL INCOME TAX CONSEQUENCES AS DESCRIBED HEREIN. THE TAX CONSIDERATIONS APPLICABLE TO CERTAIN HOLDERS (SUCH AS PENSION OR PROFIT-SHARING TRUSTS OR FOREIGN INVESTORS) MAY BE DIFFERENT THAN THE GENERAL DISCUSSION CONTAINED HEREIN. THERE MAY ALSO BE STATE, LOCAL OR FOREIGN TAX CONSIDERATIONS APPLICABLE TO EACH HOLDER OF A CLAIM

OR INTEREST WHICH ARE NOT ADDRESSED HEREIN. EACH HOLDER OF A CLAIM OR INTEREST AFFECTED BY THE PLAN SHOULD CONSULT HIS OR HER OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO THAT HOLDER'S CLAIM OR INTEREST. THIS INFORMATION MAY NOT BE USED OR QUOTED IN WHOLE OR IN PART IN CONNECTION WITH ANY OFFERING FOR SALE OF SECURITIES.

A. Tax Consequences to the Debtor.

Transfer of Assets to Asbestos Trust. A taxpayer generally is allowed a deduction for the payment of a tort liability claim only in the taxable year when the payment to a claimant actually is made. Section 468B of the Tax Code, however, provides that if a taxpayer makes a payment to a qualified settlement fund, the taxpayer will be entitled to a deduction at the time of payment although the ultimate claimants, and the amount of their claims, have not yet been identified. A qualified settlement fund includes a trust established under applicable state law pursuant to a court order to resolve claims arising out of certain identified liabilities, including tort liabilities. The Debtor anticipates that the Asbestos Trust will be treated as a qualified settlement fund subject to the tax regime set forth in section 468B of the Tax Code. If, however, the Trust does not qualify under section 468B, the Trust will be deemed a grantor trust of Rutland which would not allow Rutland to take a tax deduction in the year of the payment to the Trust, but rather, take the deduction in the year the funds were paid to the Claimants. Also, if the Trust were deemed a grantor trust, earnings on funds after receipt from Rutland would be taxed at Rutland's higher corporate tax rate.

B. Tax Treatment of Asbestos Trust.

The Asbestos Trust will be subject to federal income tax at the maximum rate applicable to trusts (now 39.6%) on its gross income, including interest, dividends and any gains on investments, reduced by any administrative costs (including legal accounting, actuarial expenses and state and local taxes) incurred in the operation of the Asbestos Trust and which would be deductible if incurred by a corporation. Such deductible administrative costs, however, do not include claimants' attorneys fees. Distributions made to claimants will not be deductible in determining the Asbestos Trust's taxable income.

The Asbestos Trust will be required to file tax returns reporting its own income and expenses, as well as information return with respect to distributions made to holders of Claims.

The initial cash payment or the value of the New Common Stock transferred to the Asbestos Trust on the Effective Date should not be treated as taxable income to the Asbestos Trust under section 468B of the Tax Code.

C. Tax Consequences to Holders of Claims and Interests.

THE DEBTORS MAKE NO REPRESENTATIONS OR WARRANTIES CONCERNING THE TAX CONSEQUENCES, IF ANY, OF THIS PLAN TO THEIR CREDITORS AND EQUITY HOLDERS. EACH CREDITOR AND EQUITY HOLDER SHOULD CONSULT WITH HIS, HER OR ITS TAX ADVISOR CONCERNING THE PLAN.

1. Holders of Asbestos-Related Claims. Generally, section 104 of the Tax Code provides that amounts received as compensation for personal injuries are not includable in income, except to the extent attributable to deductions for medical expenses previously taken by the recipient under section 213 of the Tax Code. Thus, the amounts paid in the future from the Asbestos Trust to the holders of Asbestos-Related Personal Injury Claims and Demands should not be taxable to such holders, except to the extent that such payments are attributable to medical expense deductions taken by such individuals under section 213 of the Tax Code for prior taxable years.

The holders of Asbestos In Buildings Claims will not recognize taxable income to the extent that the amounts received by them do not exceed the lesser of (i) the amount of loss or damage suffered by such holders not reimbursed by insurance or otherwise or (ii) the basis of such holders in the affected property, unless and to the extent such holder previously has deducted the cost of repairing such loss or damage. The amount of such payments will reduce the basis of such holder in the affected property, unless the payment is treated as taxable income by the holder.

2. Holders of Secured and General Unsecured Claims. The holders of Class2 and Class 3 Claims will recognize gain or loss, for tax purposes, to the extent that the payment made by the Debtor with respect to their respective claims is more or less, as the case may be, than their tax basis in such Claims. Such gain or loss will be ordinary gain or loss unless the Claim represented a capital asset in the hands of such Claim holder, in which case such gain or loss will be short-term or long-term gain or loss, depending on such claimant's holding period.

3. Holders of Old Common Stock. All Interests in Rutland Fire Clay Company and Rutland, Inc., are being cancelled without consideration. Each holder of such Interests will recognize a loss equal to its tax basis in such Interests, which loss will be ordinary or capital depending on the classification of such Interests in the hands of such holder.

D. Information Reporting and Backup Withholding.

Under the backup withholding rules of the Tax Code, a holder of a Claim may be subject to backup withholding at a rate of 31 % with respect to distributions or payments made pursuant to the Plan, including payments by the Asbestos Trust, unless such holder (i) comes within certain exempt categories (generally including corporations) and, when required, demonstrates this fact, or (ii) provides a correct taxpayer identification number and certifies under penalties of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. If holders do not provide adequate documentation, the Debtor or the Asbestos Trust, as the case may be, will be required to withhold tax.

XI. RISK FACTORS

HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTOR SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HERewith AND INCORPORATED BY

REFERENCE), PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

A. Overall Risks to Recovery by Holders of Claims, Demands and Interests.

The ultimate recoveries under the Plan to holders of Claims, Demands and Interests (other than holders whose entire distribution is paid in Cash or who receive property under the Plan) depend upon the realizable value of the New Common Stock, any dividends paid by New Rutland to the Asbestos Trust, the amount realized from available insurance and any recoveries on the Causes of Action, each of which are subject to a number of material risks, including, but not limited to those specified below. The factors below assume that the Plan is confirmed by the Court and that the Effective Date occurs on or before November 30, 2000. Prior to voting on the Plan, each holder of a Claim or Interest should consider carefully the risk factor specified or referred to below, including the Appendices and Exhibits attached hereto, as well as the information contained in or attached to the Plan.

1. Ownership by the Asbestos Trust. The Asbestos Trust will beneficially own shares representing 100% of the New Common Stock of New Rutland to be issued pursuant to the Plan.

2. Dividend Policies. New Rutland shall pay dividends to the Asbestos Trust in amounts based upon profits less reserves for necessary operations. The amounts will depend upon the future operations of New Rutland.

3. Projected Financial Information. The Projected Financial Information is dependent upon numerous assumptions, including confirmation and consummation of the Plan in accordance with its terms, the anticipated future performance of New Rutland, conditions in which New Rutland will operate, certain assumptions with respect to competitors of New Rutland, general business and economic conditions, and other matters, many of which are beyond the control of the Debtors. In addition, unanticipated events and circumstances occurring subsequent to the preparation of the Projected Financial Information may affect the actual financial results of the New Rutland. Although the Debtors believe that the projections are reasonable and attainable, some or all of the estimates will vary, and variations between the actual financial results and those projected may be material.

4. Value of Assets Distributed. In estimating the value of distributions under the Plan, the Debtors have assumed that (i) the value of the payment from Fireman's Fund of \$4 million, and (ii) the Common Stock will have an aggregate value of \$2 million. There is no assurance that such assumed values will be obtained.

B. The Permanent Channeling injunction.

The Permanent Channeling Injunction, which, inter alia, bars the assertion of Demands against the Debtor, is the cornerstone of the Plan. In 1994, the United States Congress added subsection (g) to section 524 of the Bankruptcy Code in order to confirm the authority of the District Court, subject to the conditions specified therein, to issue injunctions such as the Permanent Channeling Injunction with respect to Asbestos-Related Claims and Demands. Although the Plan, the Asbestos Trust Documents and the

Asbestos Related Claims Resolution and Distribution Procedures shall have been drafted with the intention of complying with section 524(g), and establishment of the Permanent Channeling Injunction is a condition precedent to confirmation of the Plan, there is no guarantee of the continued validity and enforceability of the Permanent Channeling Injunction or section 524(g), either before or after confirmation of the Plan. Although the Debtors believe that adequate bases exist for courts to uphold section 524(g) and the Permanent Channeling Injunction (as it applies to both Asbestos-Related Claims and Demands), there can be no assurance that, in the future, courts might not invalidate all or a portion of section 524(g) or the Permanent Channeling Injunction.

Notwithstanding anything to the contrary in the Plan, in the event that any Entity providing insurance to the Debtors with respect to Asbestos-Related Claims hereafter denies coverage or alleges that any provision of this Plan voids, excuses or excludes such coverage in whole or in part, then such Entity will not be a party protected by the Permanent Channeling Injunction. In that event, holders of Asbestos-Related Personal Injury Claims and Asbestos In Building Claims, with the Trustee's prior written consent, may commence legal action against or relating to such Entity and, to the extent necessary or required by applicable non-bankruptcy law, New Rutland and/or the Asbestos Trust, to recover for their injuries and losses solely to the extent of any available insurance coverage issued by such Entity and not from any other property or assets of New Rutland.

XII. CONCLUSION AND RECOMMENDATION

The Debtors believe that confirmation and implementation of the Plan is preferable to any of the alternatives described above because it will provide the greatest recoveries to holders of Claims, Demands and Interests. In addition, other alternatives would involve significant delay, uncertainty, and substantial additional administrative costs. THE DEBTORS URGE HOLDERS OF IMPAIRED CLAIMS ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN AND TO EVIDENCE SUCH ACCEPTANCE BY RETURNING THEIR BALLOTS AND/OR CLASS 4 SPECIAL BALLOTS SO THAT THEY WILL BE RECEIVED BY RUTLAND'S COUNSEL NO LATER THAN 5:00 P.M. (EASTERN STANDARD TIME) ON NOVEMBER 14, 2000.

Dated: Rutland, Vermont: October 13, 2000.

Respectfully submitted,

RUTLAND FIRE CLAY COMPANY and
RUTLAND INC.

By: _____
Name: Thomas Martin
Title: President

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EXHIBITS TO DISCLOSURE STATEMENT
OF RUTLAND FIRE CLAY COMPANY AND RUTLAND, INC.

Exhibit 1	First Amended Plan of Reorganization
Exhibit 2	Asbestos Trust
Exhibit 3	Asbestos Bodily Injury Claims Resolution Procedures
Exhibit 4	Asbestos Property In Building Claims Resolution Procedures
Exhibit 5	New Rutland Pro Forma Balance Sheet as of November 30, 2000
Exhibit 6	New Rutland Projected Financial Statements for the period November 30, 2001 through November 30, 2005
Exhibit 7	New Rutland Projected Cash Flows for the period November 30, 2001 through November 30, 2005
Exhibit 8	Rutland Fire Clay Company and Rutland, Inc. Unaudited Consolidated Balance Sheet for the period November 30, 1997 through November 30, 1999
Exhibit 9	Chapter 7 Liquidation Analysis
Exhibit 10	Resume of Sylvester F. Minitier, III

Exhibit 1
First Amended Plan of Reorganization

UNITED STATES BANKRUPTCY COURT

DISTRICT OF VERMONT

IN RE:)	
RUTLAND FIRE CLAY COMPANY,)	
d/b/a Rutland Products)	Case No. 99-11390-cab
RUTLAND, INC.)	Case No. 99-11391-cab
d/b/a Rutland Products,)	<i>Jointly Administered</i>
d/b/a Rutland Inc. of Illinois)	Chapter 11 proceeding
)	
Debtors in Possession.)	

**FIRST AMENDED JOINT PLAN OF REORGANIZATION
OF RUTLAND FIRE CLAY COMPANY AND
RUTLAND, INC.
October 13, 2000**

Prepared and Submitted by:
Rutland Fire Clay Company and
Rutland, Inc.
Debtors in Possession

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UNITED STATES BANKRUPTCY COURT

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RUTLAND, INC.)	Case No. 99-11391-cab
d/b/a Rutland Products,)	<i>Jointly Administered</i>
d/b/a Rutland Inc. of Illinois)	Chapter 11 proceeding
)	
Debtors in Possession.)	

**FIRST AMENDED JOINT PLAN OF REORGANIZATION
OF RUTLAND FIRE CLAY COMPANY AND
RUTLAND, INC.
October 16, 2000**

Rutland Fire Clay Company and Rutland, Inc., Debtors and Debtors in Possession (hereinafter “Rutland” or the “Company”), in the above-captioned jointly administered Chapter 11 cases, proposes the following First Amended Plan of Reorganization pursuant to section 1121 (a) of title 11 of the United States Code.

ARTICLE I - DEFINITIONS

1.1 Defined Terms. As used herein, the following terms have the respective meanings specified below, unless the context otherwise requires.

(1) *"Administrative Expense Claim"* means: (i) any cost or expense of administration of the Chapter 11 Case allowed under section 503(b) of the Bankruptcy Code, including, without

limitation, any actual and necessary expense of preserving the Debtors' estate, Cure Claims, Fee Claims; and (ii) any fees or charges assessed against the Debtors' estate under section 1930 of chapter 123 of title 28 of the United States Code.

(2) *"Allowed"* means:

(i) with respect to any Claim, other than an Administrative Expense Claim or an Asbestos-Related Personal Injury Claim proof of which was filed within the applicable period of limitation fixed in accordance with Bankruptcy Rule 3003(c)(3) by the Bankruptcy Court, (a) as to which no objection to the allowance thereof has been interposed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or a Final Order of the Bankruptcy Court, such Claim to the extent asserted in the proof of such Claim, or (b) as to which an objection has been interposed, such Claim to the extent that it has been allowed in whole or in part by a Final Order of the Bankruptcy Court;

(ii) with respect to any Claim, other than an Administrative Expense Claim or an Asbestos-Related Personal Injury Claim as to which no proof of claim was filed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or a Final Order of the Bankruptcy Court, such Claim to the extent that it has been listed by the Debtors in their Schedules as liquidated in amount and not disputed or contingent;

(iii) with respect to any Claim that is asserted to constitute an Administrative

Expense Claim (a) that represents an actual or necessary expense of preserving the estate or operating the business of the Debtors, any such Claim to the extent that the Debtors, with the consent of the Committee and the Legal Representative and, after the Effective Date, New Rutland, with the consent of the Asbestos Trust, determines it to constitute an Administrative Expense Claim, (b) other than with respect to a Claim of a professional person employed under sections 105, 327 or 1103 of the Bankruptcy Code that is required to apply to the Bankruptcy Court for the allowance of compensation and reimbursement of expenses pursuant to section 330 of the Bankruptcy Code, that the Debtors and the Committee or, after the Effective Date, New Rutland and the Asbestos Trust, do not believe constitutes an Administrative Expense Claim, any such Claim to the extent it is allowed in whole or in part by a Final Order of the Bankruptcy Court and only to the extent that such allowed portion is deemed, pursuant to a Final Order of the Bankruptcy Court, to constitute a cost or expense of administration under sections 503(b) and 507(a)(1) of the Bankruptcy Code, or (c) that represents a Claim of a professional person employed under sections 105, 327 or 1103 of the Bankruptcy Code that is required to apply to the Bankruptcy Court for the allowance of compensation and reimbursement of expenses pursuant to section 330 of the Bankruptcy Code, such Claim to the extent it is allowed by a Final Order of the Bankruptcy Court under sections 105 or 330 of the Bankruptcy Code;

(iv) with respect to any Asbestos-Related Claim, such Claim to the extent that it is allowed in accordance with the procedures established pursuant to the Asbestos Trust Documents, including the Asbestos-Related Claims Resolution and Distribution Procedures implemented in accordance therewith;

(v) with respect to any Common Stock Interest, such Interest to the extent that it is listed on (A) the list of equity security holders filed pursuant to Bankruptcy Rule 1007(a)(3) or (B) to the extent such holder shall be identified on the transfer records of the Debtors as of the Record Date.

(3) *"Allowed Amount"* means the lesser of (a) the dollar amount of an Allowed Claim or amount of an Allowed Interest and (b) the Estimated Amount of such Claim. Unless otherwise specified herein or by Final Order of the Bankruptcy Court, the Allowed Amount of an Allowed Claim shall not include interest accruing on such Allowed Claim from and after the Petition Date.

(4) *"Amended and Restated By-laws"* means the amended and restated by-laws of New Rutland, and as may be amended from time to time according to its terms.

(5) *"Amended and Restated Certificate of Incorporation"* means the amended and restated certificate of incorporation of New Rutland, and as may be amended from time to time according to its terms.

(6) *"Asbestos Claimant"* means any Entity holding an Asbestos-Related Claim.

(7) *"Asbestos In Buildings Claims"* means those Claims against the Debtors, whether in the nature of or sounding in tort, contract, warranty or any other theory of law, equity or admiralty for, relating to or arising by reason of, directly or indirectly, damages arising from the presence in

buildings or other structures of asbestos or asbestos containing products manufactured, sold, supplied, produced, distributed, or in any way marketed by Rutland or any of its current or former subsidiaries or affiliates (or another person, firm, corporation or other Entity for which the Debtors are or may be liable), including but not limited to abatement costs, diminution of value, environmental damage, economic loss and all Claims, debts, obligations or liabilities for compensatory damages (such as proximate, consequential, general or special) and punitive damages.

(8) *"Asbestos-Related Building Contribution Claims"* means those claims for contribution, reimbursement, indemnity or subrogation (as those terms may be defined pursuant to the law of the relevant jurisdiction) that are: (a) held by Entities (i) who have been or may be defendants or respondents in an action or proceeding seeking damages for Asbestos In Buildings Claims or (ii) seeking reimbursement or payment of settlements paid by or on behalf of codefendants or litigation or defense costs, including without limitation legal fees, incurred in connection with litigation involving Asbestos In Buildings Claims; and (b) asserted against the Debtors for (i) reimbursement of all or any portion of any damages any such Entity has paid or may pay to the Entity asserting such Asbestos In Buildings Claims or (ii) reimbursement of related litigation or defense costs.

(9) *"Asbestos-Related Claims"* means Asbestos-Related Personal Injury Claims, Asbestos In Buildings Claims, Asbestos Related Personal Injury Contribution Claims and Asbestos-Related Building Contribution Claims.

(10) *"Asbestos-Related Claims Resolution and Distribution Procedures"* means those disputed claims resolution and distribution procedures to be implemented by the Trustee pursuant to the terms and conditions of this Plan and the Asbestos Trust Documents, to liquidate, determine and administer claims of and distributions to Asbestos Claimants and Future Claimants, substantially in the form attached hereto as Exhibit 3 and 4 to the Disclosure Statement and as may be amended from time to time according to its terms.

(11) *"Asbestos-Related Personal Injury Claim"* means those Claims against the Debtors, whether in the nature of or sounding in tort, contract, warranty or any other theory of law, equity or admiralty for, relating to or arising by reason of, directly or indirectly, physical, emotional or other personal injuries or other damages caused, or allegedly caused, directly or indirectly, by the presence of, or exposure to, asbestos or asbestos-containing products manufactured, sold, supplied, produced, distributed or in any way marketed and arising or allegedly arising, directly or indirectly, from acts or omissions of Rutland or any of its current or former subsidiaries or affiliates (or another person, firm, corporation or other Entity for or with which Rutland is or may be liable), including but not limited to all Claims, debts, obligations or liabilities for compensatory damages (such as loss of consortium, wrongful death, survivorship, proximate, consequential, general and special damages) and punitive damages.

(12) *"Asbestos-Related Personal Injury Contribution Claims"* means those Claims for contribution, reimbursement, indemnity or subrogation (as those terms may be defined pursuant to the law of the relevant jurisdiction) that are: (a) held by Entities (i) who have been or may be

defendants or respondents in an action or proceeding seeking damages for Asbestos-Related Personal Injury Claims or (ii) seeking reimbursement or payment of settlements paid by or on behalf of co-defendants or litigation or defense costs, including without limitation legal fees, incurred in connection with litigation involving Asbestos-Related Personal Injury Claims; and (b) asserted against the Debtors for (i) reimbursement of all or any portion of any damages any such Entity has paid or may pay to the Entities asserting such Asbestos-Related Personal Injury Claims or (ii) reimbursement of related litigation or defense costs.

(13) *"Asbestos Trust"* means the Rutland Fire Clay Asbestos Trust established pursuant to the Asbestos Trust Agreement in accordance with the terms of Section 8.1 hereof.

(14) *"Asbestos Trust Agreement"* means the agreement between the Debtors, as Trustors, and the Trustees establishing the Asbestos Trust and all exhibits thereto, substantially in the form attached hereto as Exhibit 2 to the Disclosure Statement and as may be amended from time to time according to its terms.

(15) *"Asbestos Trust Distribution"* means (i) all excess cash of New Rutland, (ii) (A) all insurance policies issued by any insurance carrier for or in favor of Rutland providing insurance coverage for Asbestos Related Claims and (B) all payments received from, and all rights and agreements to payment from any insurance company with respect to Asbestos Related Claims, (iii) Causes of Action, (iv) the Asbestos Trust Equity Distribution, and (v) all Rights to Payment.

(16) *"Asbestos Trust Documents"* means the documents establishing and governing the terms and conditions for the operation and administration of the Asbestos Trust including, but not limited to, the Asbestos Trust Agreement, the Asbestos Related Claims Resolution and Distribution Procedures and all exhibits to each such document, substantially in the forms attached hereto as Exhibits 3 and 4 to the Disclosure Statement and as such documents may be amended from time to time according to their terms.

(17) *"Asbestos Trust Equity Distribution"* 100% of the stock and equity interests of New Rutland.

(18) *"Available Cash"* means all Cash on hand and held in bank accounts of the Debtors (except Cash held in escrow accounts or in trust pursuant to a written agreement or order of a court or the Bankruptcy Court) as of the Effective Date.

(19) *"Ballot"* means the form, distributed together with the Disclosure Statement, to holders of Claims or Interests in classes that are impaired and entitled to vote on this Plan, other than to holders of Class 4 and Class 5 Claims, for the purpose of indicating acceptance or rejection of this Plan.

(20) *"Bankruptcy Code"* means title 11 of the United States Code, as amended from time to time.

(21) *"Bankruptcy Court"* means the United States District Court for the District of Vermont, having jurisdiction over the Chapter 11 Case and, to the extent of any reference made pursuant to section 157 of title 28 of the United States Code, the unit of such District Court constituted as the United States Bankruptcy Court for the District of Vermont pursuant to section 151 of title 28 of the United States Code.

(22) *"Bankruptcy Rules"* means the Federal Rules of Bankruptcy Procedure, as amended from time to time, together with the local rules adopted by the Bankruptcy Court, as amended from time to time.

(23) *"Business Day"* means any day other than a Saturday, Sunday or "legal holiday," as such term is defined in Bankruptcy Rule 9006(a).

(24) *"Cash"* means cash, cash equivalents and other readily marketable securities or instruments, including, without limitation, readily marketable direct obligations of the United States of America, certificates of deposit issued by banks and commercial paper of any entity, including interest accrued or earned thereon.

(25) *"Causes of Action"* means any and all of the Debtors' actions, claims, rights, suits and causes of action (and all rights relating thereto, including any tolling agreements), whether known or unknown, in law, equity or otherwise, including, without limitation: (i) the Debtor's claims arising pursuant to sections 510, 542, 543, 544, 545, 547, 548, 549, 550, 551, 552 and 553 of the

Bankruptcy Code, and state, non-bankruptcy federal and other applicable law; (ii) all rights and claims for or against any insurance carriers who issued insurance policies in favor of the Debtors; and (iii) the Rights to Payment.

(26) *"Certificate of Merger"* means the Certificate of Merger referred to in Section 9.I hereof.

(27) *"Chapter 11 Case"* means the jointly administered bankruptcy cases bearing Case Numbers 99-11390-cab and 99-11391-cab, concerning the Debtors.

(28) *"Claim"* means a claim, as that term is defined in section 101(5) of the Bankruptcy Code, against the Debtors.

(29) *"Class 4 Special Ballot"* or *"Class 5 Special Ballot"* means the form, distributed together with the Disclosure Statement, to holders of Class 4A and 4B Claims (Asbestos Related Claims) or Class 5 Claims (Settled Claims), for the purpose of indicating acceptance or rejection of this Plan.

(30) *"Co-Defendant Actions"* means any claims or causes of action that the either or both of the Debtors have or may have against actual or potential co-defendants arising from or relating to any prior, pending or threatened asbestos-related litigation or settlement.

(31) *"Committee"* means the official Asbestos Tort Claimants Committee appointed in these Chapter 11 Cases by the United States Trustee for the Northern Districts of New York and of Vermont on October 25, 1999, as the membership of such committee may be amended from time to time.

(32) *"Common Stock Interest"* means any equity interest in the Debtors represented by shares of Old Common Stock and any Claim against the Debtors arising from rescission of a purchase or sale of a security of the Debtors or of an affiliate of the Debtors, for damages arising from the purchase or sale of such a security, or for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim.

(33) *"Compensation Estimate"* means a written good faith estimate, to be served on the Debtors' counsel on or before October 13, 2000, of the anticipated amount of professional compensation and reimbursement of expenses to be requested for any period prior to the Effective Date, including, without limitation, any compensation for substantial contribution in the Chapter 11 Case and for any fees or premiums in addition to normal hourly charges or quoted fees.

(34) *"Confirmation Date"* means the date upon which the Confirmation Order shall be first entered on the docket maintained by the Clerk of the Bankruptcy Court or the District Court.

(35) *"Confirmation Order"* means the order of the Bankruptcy Court and/or the District Court confirming this Plan.

(36) "*Consultant*" means Tontine Key LLC (and where applicable shall include the principal member of Tontine Key LLC, Sylvester F. Minitier, III), and any successors thereto.

(37) "*Cure Claim*" means a Claim by a party to an executory contract or unexpired lease of the Debtors for the costs of curing any defaults under any such contract or lease that is to be assumed and assigned by the Debtors pursuant to section 365(b) of the Bankruptcy Code.

(38) "*Debtors*" means Rutland Fire Clay Company, a Vermont corporation, and Rutland, Inc., an Illinois corporation.

(39) "*Demand*" or "*Demands*" means a demand for payment, present or future, that was not an Asbestos-Related Claim during the Chapter 11 Case, arises out of the same or similar conduct or events that gave rise to the Asbestos-Related Claims, and is to be paid by the Asbestos Trust.

(40) "*Disclosure Statement*" means the Disclosure Statement describing this Plan prepared in accordance with section 1125 of the Bankruptcy Code and approved by order of the Bankruptcy Court, as the same may be amended or modified from time to time.

(41) "*Disputed*" means, with respect to any Claim or Interest, other than an Asbestos In Building Claim or an Asbestos-Related Personal Injury Claim, any Claim or Interest that is not an Allowed Claim or Allowed Interest.

(42) *"Disputed Claims Reserve"* has the meaning set forth in Section 15.5(a) hereof.

(43) *"District Court"* means the United States District Court for the District of Vermont.

(44) *"Effective Date"* means the date which is the first Business Day on which all conditions to the effectiveness of this Plan, and as further set forth in Section 11.2 hereof, all have been satisfied or waived.

(45) *"Entity"* means any individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, estate, entity, trust, trustee, unincorporated organization, government, governmental unit (as defined in section 101(27) of the Bankruptcy Code), agency or political subdivision thereof, the United States Trustee or any other entity; provided, however, for purposes of the Permanent Channeling Injunction as defined in Section 1.1(64) hereof and made applicable by Section 16.2 hereof, the definition of "Entity" shall not include the United States Trustee.

(46) *"ERISA"* means the Employee Retirement Income Security Act of 1974, as amended from time to time.

(47) *"Estimated Amount"* means the dollar amount of an unliquidated Claim, disputed Claim or contingent Claim as estimated pursuant to section 502(c) of the Bankruptcy Code.

(48) *"Fee Claim"* means any Administrative Claim resulting from the rendering of professional services and related disbursements under sections 503(b)(2)-(4) of the Bankruptcy Code.

(49) *"Excess Cash"* means all of the income of New Rutland less an amount of operating capital sufficient to maintain successful business operations.

(50) *"Final Order"* means an order, ruling or judgment that is: (a) no longer subject to review, reversal, modification or amendment by appeal or writ of certiorari, under applicable Court rules or statutes; and (b) not subject to any stay or injunction against its effectiveness or enforcement.

(51) *"Future Claimant"* means any Entity who is or becomes the holder of a Demand.

(52) *"General Unsecured Claim"* means any Claim that is not an Administrative Expense Claim, a Tax Claim, a Priority Claim, a Secured Claim, a Settled Claim, an Asbestos-Related Claim, or a Demand, but includes any portion of a Secured Claim that exceeds the value of the property securing such Claim.

(53) *"Institutional Trustee"* shall mean the Wilmington Trust Company, or any successor successor thereto, which shall be qualified to do business in the State of Delaware such that when acting as a Trustee of the Asbestos Trust, the Trust shall constitute a business trust under Chapter 38 of Title 12 of the Delaware Code, 12 Del. Code. Section 3801, et. seq.

(54) *"Insurance Actions"* means claims, causes of action and rights to payment of the Debtors against or from various insurers or insurance guaranty funds, including, without limitation, those claims asserted by Rutland.

(55) *"Insurance Carrier or Surety Settlement Order"* means an order which has become a Final Order authorizing and approving a settlement of and payment to Rutland or the Asbestos Trust by an Insurance Carrier or Surety for Rutland's claims for insurance coverage and liability payments of or related to any Asbestos Related Claims with respect to which such Insurance Carrier or Surety has issued any insurance policies on behalf of or for the benefit of Rutland.

(56) *"Interest"* means any Common Stock Interest.

(57) *"Legal Representative"* means Richard Levy, Jr., Esq., appointed by Order of the Bankruptcy Court docketed October 27, 1999 as the official Legal Representative of Future Claimants, and any successor thereto.

(58) *"Merger"* means the merger of Rutland Inc. with and into the Debtor, Rutland Fire Clay Company on the Effective Date pursuant to the Certificate of Merger.

(59) *"New Common Stock"* means the shares of common stock of New Rutland.

(60) *"New Rutland"* means the reorganized Debtors, which shall be known as Rutland Fire

Clay Company, as the renamed surviving entity of the Merger.

(61) *"Old Common Stock"* means the shares of common stock of the Debtors, par value \$ 50.00 per share authorized or issued for Rutland Fire Clay company and \$1.00 per share authorized or issued for Rutland, Inc. before the Petition Date.

(62) *"PBGC"* means the Pension Benefit Guaranty Corporation.

(63) *"Pension Plan"* means the retirement plan of Rutland, dated January 1, 1976, which merged the five then existing Rutland pension plans and, as such, covers the employees of Rutland.

(64) *"Permanent Channeling Injunction"* means an order or orders of the Bankruptcy Court or the District Court (which may be the Confirmation Order), issued pursuant to Section 524(g) of the Bankruptcy Code, permanently and forever staying, restraining, and enjoining an Entity from taking any action for the purpose of, directly or indirectly, collecting, recovering, or receiving payment of, on, or with respect to any Asbestos-Related Claim or Demand (other than actions brought to enforce any right or obligation under the Plan, any Exhibits to the Plan, or any other agreement or instrument between the Debtors or New Rutland and the Asbestos Trust, which actions shall be in conformity and compliance with the provisions hereof), including:

(a) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding (including, without express or implied limitation, any thereof in

a judicial, arbitral, administrative, or other forum) against or affecting any Protected Party or any property or interests in property of any Protected Party;

(b) enforcing, levying, attaching (including, without express or implied limitation, any prejudgment attachment), collecting, or otherwise recovering by any means or in any manner, whether directly or indirectly, any judgment, award, decree, or other order against any Protected Party or any property or interests in property of any Protected Party;

(c) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any encumbrance against any Protected Party or any property or interests in property of any Protected Party;

(d) setting off, seeking reimbursement of, contribution from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability owed to any Protected Party or any property or interests in property of any Protected Party; and

(e) proceeding in any manner in any place with regard to any matter that is subject to resolution pursuant to the Asbestos Trust, except in conformity and compliance therewith.

(65) "*Petition Date*" means October 13, 1999.

(66) "*Plan*" means this Plan of Reorganization of the Debtors which supersedes any prior

plan of reorganization filed by the Debtors, as the same may be amended or modified from time to time.

(67) *"Plan Estimates"* means the aggregate amount of all payments to be set aside (i) in the Disputed Claims Reserve and (ii) on account of all Compensation Estimates.

(68) *"Plan Payments"* means those payments to be made by the Debtors pursuant to the terms of this Plan to holders of Allowed Administrative Expense Claims, Allowed Tax Claims, Allowed Priority Claims, Allowed Secured Claims and Allowed General Unsecured Claims.

(69) *"Priority Claim"* means any Claim, other than any Administrative Expense Claim or any Tax Claim, which is entitled to priority in right of payment pursuant to section 507(a) of the Bankruptcy Code.

(70) *"Protected Party"* means any of the following parties:

(a) the Debtors, the Reorganized Debtors, and any of its pre and post-Confirmation Date officers, directors, stockholders, agents, employees, members, representatives, advisors, financial advisors, accountants and attorneys;

(b) the Asbestos Trust, and any of its Trustees, officers, directors, agents, employees, representatives, advisors, financial advisors, administrators, accountants and attorneys

and the TAC, and any of its agents, employees, representatives, advisors and attorneys;

(c) the Legal Representative, the Consultant, and their agents, employees, members, equity owners, representatives, advisors and attorneys;

(d) the members of the Asbestos Tort Claimants' Committee and their agents, employees, representatives, advisors and attorneys;

(e) any Entity that, pursuant to the Plan or after the Effective Date, becomes a direct or indirect transferee of, or successor to, any assets of the Debtors, the Reorganized Debtors, or the Asbestos Trust (but only to the extent that liability is asserted to exist by reason of becoming such a transferee or successor);

(f) any Entity that, pursuant to the Plan or after the Effective Date, makes a loan to the Reorganized Debtors or the Asbestos Trust or to a successor to, or transferee of, any assets of the Debtors, the Reorganized Debtors, or the Asbestos Trust (but only to the extent that liability is asserted to exist by reason of such Entity becoming such a lender or to the extent any pledge of assets made in connection with such a loan is sought to be upset or impaired); or

(g) any Entity to the extent he, she, or it is alleged to be directly or indirectly liable for the conduct of, Claims against, or Demands on the Debtors, the Reorganized Debtors, or the Asbestos Trust on account of Asbestos Bodily Injury Claims or Asbestos Property Damage Claims

by reason of one or more of the following:

- (i) such Entity's ownership of a financial interest in the Debtors or the Reorganized Debtors, or predecessor in interest of the Debtors or the Reorganized Debtors;
- (ii) such Entity's involvement in the management of the Debtors or the Reorganized Debtors or any predecessor in interest of the Debtors or the Reorganized Debtors;
- (iii) such Entity's service as an officer, director, or employee of the Debtors, the Reorganized Debtors, or related parties;
- (iv) such Entity's provision of insurance to the Debtors, the Reorganized Debtors or related parties with respect to Asbestos Related Claims; provided, however, that in the event such entity denies coverage or alleges that any provision of this Plan voids such coverage then as to such entity the Permanent Channeling Injunction shall not apply and such Entity shall not be a "Protected Party" unless and until it is the specifically named beneficiary of an Insurance Carrier or Surety Settlement Order; or
- (v) such Entity's involvement in a transaction changing the corporate

structure, or in a loan or other financial transaction affecting the financial condition, of the Debtors, the Reorganized Debtors, or any of the related parties, including, but not limited to:

- (a) involvement in providing financing (debt or equity), or advice to an Entity involved in such transacting; or
- (b) acquiring or selling a financial interest in an Entity as part of such transaction.

provided, however, that notwithstanding this or any other provision of this Plan to the contrary, except as set forth in Section 1.1(70) an Entity's "Protected Party" status shall not preclude the Asbestos Trust from pursuing claims against any insurance carrier or surety that issued, or is alleged to have issued, a policy or policies of insurance to, or on behalf of, or for the benefit of Rutland.

(71) *"Record Date"* means 5:00 p.m. (Eastern Standard Time) on the day that the Confirmation Order is entered, or such other date and time as may be designated in the Confirmation Order.

(72) *"Released Party"* means each of the Debtors, New Rutland and the Asbestos Trust or any of their respective successors or assigns, and each of their present and former directors and officers, former or extinguished shareholders, the Committee, its members and representatives, the

Legal Representative, the Consultant, and to the extent that any insurance carrier qualifies as a Protected Party under Section 1.1 (70)(g)(iv) hereof, the insurance carriers and sureties of the Debtors in such insurance carriers' and sureties' capacities as such, and each of the professionals retained by Order of the Bankruptcy Court by each of the Debtors, New Rutland, the Asbestos Trust, the Committee, the Legal Representative and the Consultant; *provided, however*, that notwithstanding this or any Provision of this Plan to the contrary, an Entity's "Released Party" status shall not preclude the Asbestos Trust (or if applicable New Rutland) from pursuing claims against any insurance carrier or surety that issued, or is alleged to have issued, a policy or policies of insurance to, on behalf of, or for the benefit of, Rutland unless such Insurance Carrier or Surety is specifically named as a beneficiary of an Insurance Carrier or Surety Settlement Order.

(73) “*Reorganized Debtor*” means Rutland Fire Clay Company, the surviving company as a result of the Merger with Rutland Inc., as same shall exist on and after the Effective Date.

(74) “*Rights to Payment*” means the rights of either or both Debtors to receive payments or distributions on account of any claim, including but not limited to, tax refunds for taxable years prior to the Effective Date.

(75) “*Rutland*” when used in this plan shall refer to both Rutland Fire Clay Company and Rutland, Inc., and means the jointly administered Debtors.

(76) “*Schedules*” means the schedules of assets and liabilities and statements of financial

affairs filed by the Debtors in accordance with section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as such schedules and statements may be amended or supplemented from time to time in accordance with the Bankruptcy Code and the Bankruptcy Rules; *provided, however*, that the Schedules shall not be amended after November 1, 1999 without the consent of the Committee and the Legal Representative unless by motion on notice to the Committee and the Legal Representative.

(77) *"Secured Claim"* means any Claim, secured by a valid and unavoidable lien on or security interest in property of the Debtors pursuant to section 506(a) of the Bankruptcy Code, but only to the extent of the value as of the Confirmation Date of such lien or security interest as determined by Final Order of the Bankruptcy Court or as agreed to by the Debtors and the holder of such Claim.

(78) *"Settled Claim"* means any Asbestos Bodily Injury Claim asserted against Rutland prior to the Petition Date and with respect to which (a) Fireman's Fund Insurance Company ("Fireman's Fund") defended Rutland with respect to an Asbestos Bodily Injury Claim, (b) (i) counsel to the Asbestos Bodily Injury Claimant and insurance defense counsel for Rutland with the approval of the Fireman's Fund, or (ii) Rutland's corporate counsel, had reached a complete agreement, orally or in writing, to settle the claim, and (c) Fireman's Fund had, in some but not all instances, issued a check in payment of such settlement, the proceeds of which payment had not been irrevocably negotiated or the proceeds thereof collected by on behalf of the Asbestos Bodily Injury Claimant prior to the Petition Date.

(79) *"Stock Dividends"* means all Cash dividends Rutland paid to holders of Old Common Stock during the years preceding October 13, 1999.

(80) *"Tax Claim"* means a Claim of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

(81) *"TAC"* means the Trust Advisory Committee whose duties and responsibilities are set forth in Section 8.9 hereof and in the Asbestos Trust. The initial members of the TAC shall be Nancy Worth Davis, Sanders McNew and Mary Skelnik, or in the event any of them decline to serve prior to the Confirmation Hearing, such different persons as the Committee shall identify at the Confirmation Hearing.

(82) *"Trustee"* means the individual, or limited liability entity through which such individual shall act as trustee, initially selected to act as trustee pursuant to the terms of the Asbestos Trust Documents to administer the Asbestos Trust, and any successors thereto. Only when the plural form of "Trustees" is utilized will it include an Institutional Trustee as that term is defined in the Asbestos Trust Agreement.

(83) *"Ultimately Allowed Claim" or "Ultimately Allowed Interest"* means any Disputed Claim or Disputed Interest to the extent that it becomes an Allowed Claim or Allowed Interest in accordance with Article XV of this Plan.

(84) *"Voting Procedures Order"* means the order of the Bankruptcy Court entitled "Order Approving Disclosure Statement and Establishing Solicitation and Voting Procedures for Class 4 Claims with Respect to the Debtors' Plan of Reorganization and Approving Plan Summary and Service Thereof" dated October 13, 2000, approving and authorizing the voting procedures to be employed in this Chapter 11 Case, including the Class 4 Special Ballots and the Class 5 Special Ballots, and approving the Disclosure Statement and the provision of the Plan Summary to Class 4 Claimants in lieu of the Plan.

1.2 Other Terms. The words "herein," "hereof," "hereto," "hereunder," and others of similar import refer to this Plan as a whole and not to any particular section, subsection or clause contained in this Plan, unless the context requires otherwise. Any term used in this Plan that is not defined herein but that is defined in the Bankruptcy Code shall have the meaning assigned to that term in the Bankruptcy Code. In addition, the rules of construction contained in section 102 of the Bankruptcy Code apply to the construction of this Plan.

ARTICLE II - PROVISION FOR TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS

2.1 Administrative Expense Claims. Each holder of an Administrative Expense Claim that the Debtors, with the consent of the Committee and the Legal Representative or, after the Effective Date, New Rutland with the consent of the Asbestos Trust, do not dispute or which has been allowed by the Bankruptcy Court, shall be paid in full, in Cash, on or as soon as practicable after the Effective Date; *provided, however,* that Allowed Administrative Expense Claims representing obligations

incurred by the Debtors in the ordinary course of business during the Chapter 11 Case (other than Fee Claims) shall be paid in full by the Debtors or performed by New Rutland as the case may be, when due in the ordinary course of business and in accordance with the terms and conditions of the particular agreements governing such obligations, if any; *provided, further, however*, that Administrative Expense Claims representing compensation or reimbursement of expenses awarded by the Bankruptcy Court pursuant to sections 503(b)(2), 503(b)(3) or 503(b)(4) of the Bankruptcy Code shall be reserved for by Rutland in full, in Cash, in such amounts equal to the Compensation Estimates and paid by New Rutland on the date upon which the Bankruptcy Court enters an order allowing such Administrative Expense Claim and, to the extent that such reserve is insufficient to satisfy an Allowed Fee Claim, the deficiency shall be paid by the Asbestos Trust; *provided, however*, that the Debtors shall also reserve sufficient funds to satisfy any and all Administrative Expense Claims that may become Ultimately Allowed Administrative Expenses Claims.

ARTICLE III - PROVISION FOR TREATMENT OF TAX CLAIMS

3.1 Tax Claims. Each holder of an Allowed Tax Claim shall be paid the full amount of its Allowed Tax Claim, in Cash, on or as soon as practicable after the Effective Date.

ARTICLE IV - PROVISION FOR TREATMENT OF DEMANDS

4.1 Demands. On the Effective Date, Demands shall be fully satisfied as against the Debtors by virtue of the distribution of the Asbestos Trust Distribution to the Asbestos Trust for the benefit

of all holders of Asbestos-Related Claims and of Demands pursuant to the terms and conditions of the Asbestos Trust Documents. Each holder of a Demand shall have its Demand permanently channeled to the Asbestos Trust and such Demand shall be assertable exclusively against the Asbestos Trust in accordance with the provisions set forth in the Asbestos Trust Documents. In order to conserve the assets of the Asbestos Trust, holders of Asbestos-Related Claims and Demands are, subject to the Asbestos-Related Claims Resolution and Distribution Procedures, enjoined from filing future litigation against Rutland, or the Asbestos Trust, may not proceed in any manner against the Asbestos Trust or Rutland in any state or federal court, and are required to pursue their claims or Demands against the Asbestos Trust solely as provided in the Asbestos Claims Procedures.

ARTICLE V - CLASSIFICATION OF CLAIMS AND INTERESTS

5.0 Classification. Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of classes of Claims against and Interests in the Debtors. A Claim or Interest is classified in a particular class only to the extent that the Claim or Interest qualifies within the description of the class and is classified in a different class to the extent the Claim or Interest qualifies within the description of that different class. In accordance with sections 1123(a)(1) and 524(g)(5) of the Bankruptcy Code, Administrative Expense Claims, Tax Claims and Demands are not classified.

5.1 Priority Claims.

Class 1. Class 1 consists of all Allowed Priority Claims.

5.2 Secured Claims.

Class 2. Class 2 consists of all Allowed Secured Claims, each of which will be within a separate subclass with each subclass to be deemed a separate Class for all purposes.

5.3 Unsecured Claims.

Class 3. Class 3 consists of all Allowed General Unsecured Claims except Asbestos-Related Claims.

Class 4. Class 4 consists of the following Asbestos-Related Claims:

Class 4A- Asbestos-Related Personal Injury Claims and Asbestos-Related Personal Injury Contribution Claims.

Class 4B- Asbestos In Buildings Claims and Asbestos-Related Building Contribution Claims.

Class 5. Class 5 consists of all Settled Claims.

Class 6. Class 6 consists of all allowed PBGC claims, as filed or scheduled.

5.4 Interests.

Class 7. Class 7 consists of all Allowed Common Stock Interests in the Debtors.

ARTICLE VI - IDENTIFICATION OF CLASSES OF CLAIMS AND INTERESTS NOT IMPAIRED AND IMPAIRED BY THIS PLAN

6.1 Classes of Claims and Interests Not Impaired by this Plan. Priority Claims (Class 1), Secured Claims (Class 2), General Unsecured Claims (excluding Asbestos Related Claims and Settled Claims) (Class 3) and the PBGC Claim (Class 6) are not impaired by this Plan. Pursuant to section 1126(f) of the Bankruptcy Code, the holders of such Claims are conclusively presumed to have accepted this Plan, and the votes of such holders shall not be solicited.

6.2 Classes of Claims and Interests Impaired by this Plan and Entitled to Vote. Asbestos-Related Personal Injury Claims and Asbestos-Related Personal Injury Contribution Claims (Class 4A), Asbestos In Buildings Claims and Asbestos-Related Building Contribution Claims (Class 4B) and Settled Claims (Class 5), are impaired by this Plan and the holders of such Claims and Interests are entitled to vote to accept or reject this Plan.

6.3 Deemed Rejection of Common Stock Interests. Common Stock Interests (Class 7) are impaired by this Plan. Pursuant to section 1126(g) of the Bankruptcy Code, the holders of such Interests are deemed to have rejected this Plan, and the votes of such holders shall not be solicited.

ARTICLE VII - PROVISIONS FOR TREATMENT OF CLAIMS AND INTERESTS

Priority Claims

7.1 Priority Claims. (Class 1). Class 1 Claims are not impaired. On the Effective Date, each holder of an Allowed Priority Claim shall receive the full amount of its Allowed Priority Claim, together with interest at the federal judgment rate from the Petition Date, in Cash.

Secured Claims

7.2 Secured Claims. (Class 2). Class 2 Claims are not impaired. With respect to each Allowed Secured Claim, at the sole option of the Debtors, (a) the legal, equitable and contractual rights of such holder of an Allowed Secured Claim shall remain unaltered, and the holder of such Allowed Secured Claim shall retain its respective lien or liens which will not be altered or impaired; (b) the holder of such Allowed Secured Claim shall receive the full amount of its Allowed Secured Claim in cash on the Effective Date; (c) the Debtors shall have released to the holder of such Allowed Secured Claim the collateral securing such Claim; or (d) the Debtors shall provide such other treatment that will render the Allowed Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code.

Unsecured Claims

7.3 General Unsecured Claims. (Class 3). Class 3 Claims are not impaired. Class 3 claims shall be paid as soon as practicable after the Effective Date 100% of the allowed claims plus interest from the Petition Date at the federal judgment rate to the date of payment.

7.4 Asbestos-Related Claims. (Class 4). Class 4 Claims are impaired. On the Effective Date, Asbestos-Related Claims shall be fully satisfied and discharged as against the Debtors by virtue of the distribution of the Asbestos Trust Distribution to the Asbestos Trust for the benefit of all holders of Asbestos-Related Claims and Demands pursuant to the terms and conditions of the Asbestos Trust Documents. Each holder of an Asbestos-Related Claim shall have its Claim channeled to the Asbestos Trust and such Claim shall be assertable exclusively against the Asbestos Trust in accordance with the procedures of the Asbestos Trust Documents. In order to conserve the assets of the Asbestos Trust, holders of Asbestos-Related Claims and Demands, subject to the Asbestos Trust Documents, are enjoined from filing future litigation against Rutland, or the Asbestos Trust, may not proceed in any manner against the Asbestos Trust or Rutland in any state or federal court, except with the prior written consent of the Asbestos Trust, and are required to pursue their claims or Demands against the Asbestos Trust solely as provided in the Asbestos Claims Procedures.

7.5 Settled Claims (Class 5). Class 5 Claims are impaired. Each Settled Claim shall be entitled to receive not less than 10% of its Allowed Claim and up to 100% of its Allowed Claim, without interest. Allowed Class 5 Claims shall be paid as follows: (a) a pro rata distribution of up to 100%

of the Allowed Claim from proceeds of a settlement with Fireman's Fund to the extent that a settlement of such claims shall hereafter be reached and consummated with Fireman's Fund, but (b) in any event, if not paid pursuant to an approved settlement with Fireman's Fund, not less than 10% of the Allowed Claim shall be paid by New Rutland, with such payment to be funded from from the first profits of New Rutland for the fiscal years ending on and after November 30, 2001, with distribution to be made within 30 days after the availability of such profits.

7.6 *PBGC Claim* (Class 6). The Class 6 Claim is not impaired. Any and all liabilities of the Debtors under or pursuant to 29 U.S.C. Sections 1082 and 1362 or 26 U.S.C. Section 412 shall not be affected or impaired by this Plan and shall not be released or discharged. Nor shall the PBGC be enjoined by this Plan from enforcing the rights and claims of the Rutland Fire Clay Company and Rutland, Inc. Pension Plan. No provision of the plan of reorganization, the confirmation order, or § 1141 of the Bankruptcy Code shall discharge, release, or relieve the Debtors or any other party from liability with respect to the Pension Plan under any law, governmental policy, or regulatory provision. Neither PBGC nor the Pension Plan shall be enjoined from enforcing such liability as a result of the plan of reorganization's provisions for satisfaction, release and discharge of claims.

Interests

7.7 *Common Stock Interests*. (Class 7). Class 7 Common Stock Interests are impaired. On the Effective Date, all Interests shall be canceled, annulled or extinguished, and the holders thereof shall not be entitled to receive or retain any property or distribution pursuant to this Plan.

ARTICLE VIII - THE ASBESTOS TRUST

8.1 *Creation of the Asbestos Trust.* On the Effective Date, the Asbestos Trust shall be created and established, pursuant to the terms of the Asbestos Trust Documents, as a designated settlement fund or a qualified settlement fund, within the meaning of section 468B of the Internal Revenue Code and the regulations issued by the Internal Revenue Service pursuant to said statute.

8.2 *Transfer of Property to the Asbestos Trust.* On the Effective Date, the Debtors shall transfer, or cause to be transferred, to the Asbestos Trust the Asbestos Trust Distribution, Pursuant to the Plan, the Asbestos Trust shall succeed to and be entitled to enforce all rights Rutland previously had under any insurance policies for coverage of Asbestos Related Claims.

8.3 *Assumption of Liabilities By the Asbestos Trust.* In consideration of the property transferred to the Asbestos Trust pursuant to Section 8.2 hereof and in furtherance of the purpose of the Asbestos Trust (as set forth in Section 1.2 of the Asbestos Trust Agreement, this Plan and section 524(g)(2)(B)(i) of the Bankruptcy Code), the Asbestos Trust will assume all liability and responsibility for all Asbestos-Related Claims and Demands within the meaning of Section 524(g) of the Bankruptcy Code. Rutland and, subject to Section 13.9 hereof, New Rutland shall have no financial or other responsibilities for or in connection with such Asbestos-Related Claims and Demands.

8.4 Appointment of Trustees. The Asbestos Trust shall be managed by one independent Trustee (the "Managing Trustee"). The initial Managing Trustee shall be Sylvester F. Minter, III except if for any reason he shall fail to accept the Trust and actually commence service, then if before the Effective Date, the Managing Trustee shall be selected by the Committee and the Legal Representative. In addition, there shall be an Institutional Trustee appointed on the Effective Date in accordance with the Asbestos Trust Agreement. The Managing Trustee shall be a person or entity who has no affiliation with the Debtors, except that he or an entity in which he is a member may have acted as Consultant to the Debtors in these Chapter 11 Cases, is not a holder of Asbestos-Related Claims or Demands, and does not and has not personally represented, in connection with an Asbestos-Related Claim or Demand, any Entity who asserts or who has asserted an Asbestos-Related Claim or Demand. The Trustee shall serve until the earlier of such person's death, resignation or removal. All successor Trustees shall be appointed in accordance with the terms and conditions contained in the Asbestos Trust Agreement. The Trustee shall be deemed to be (and the Confirmation Order shall provide that such Trustee is) a "party in interest" within the meaning of section 1109(b) of the Bankruptcy Code.

8.5 Purpose and Goals of the Asbestos Trust. The purposes of the Asbestos Trust are: (i) to assume any and all liabilities of the Debtors and their successors in interest and the Protected Parties with respect to any and all Asbestos-Related Claims and Demands within the meaning of section 524(g) of the Bankruptcy Code; (ii) to use the assets and income of the Asbestos Trust to pay holders of Asbestos-Related Claims and Demands in accordance with the Asbestos Trust Agreement and the Asbestos-Related Claims Resolution and Distribution Procedures; and (iii) to otherwise comply in

all respects with the requirements of a trust set forth in section 524(g)(2)(B)(I) of the Bankruptcy Code through the provisions of the Asbestos Trust Agreement and the Asbestos-Related Claims Resolution and Distribution Procedures.

8.6 *Compensation to and Indemnification of the Trustees.* The Trustees shall receive compensation for their services, and shall be indemnified, in accordance with the terms of the Asbestos Trust Agreement.

8.7 *Retention of Professionals and Employees.* The Asbestos Trust and the Trustee thereof may retain the services of attorneys, accountants, valuation experts, employees and other agents necessary to assist and advise the Trustee in the performance of his duties in accordance with the terms and provisions of the Asbestos Trust Documents.

8.8 *Asbestos Trust Deemed a Successor to Committee in Pending Matters.* On the Effective Date, the Asbestos Trust shall be deemed the successor to the Committee with respect to any then pending motions, contested matters, adversary proceedings or appeals to which the Committee was a party.

8.9 *Trust Advisory Committee.* The Trust Advisory Committee ("TAC") shall consult with and advise the Trustees. Members of the Committee and their representatives are eligible to serve as members of the TAC. The TAC shall have such other duties and authority as set forth in the Asbestos Trust Documents. The fees and expenses of the TAC shall be paid by the Asbestos Trust

and the Asbestos Trust shall indemnify the TAC in accordance with the terms of the Asbestos Trust Documents. In addition, the TAC may retain the services of attorneys, accountants, valuation experts and other professionals necessary to the performance of its duties. The TAC shall be deemed to be (and the Confirmation Order shall provide that the TAC is) a "party in interest" within the meaning of section 1109(b) of the Bankruptcy Code.

8.10 Preservation of Rights and Defenses.

(a) The Asbestos Trust shall have, with respect to each Asbestos-Related Claim or Demand, among other things, all defenses whatsoever under bankruptcy and non-bankruptcy law (including but not limited to all defenses under section 502 of the Bankruptcy Code), affirmative defenses, rights of setoff and recoupment, counterclaims and rights of contribution, reimbursement, subrogation and indemnity (i) that the Debtors would have had under applicable law if (x) the Chapter 11 Cases had not occurred and (y) the holder of such Asbestos-Related Claim or Demand had asserted such Asbestos-Related Claim or Demand by initiating civil litigation against the Debtors, and (ii) that the Debtors now have or ever had, except as waived by the Asbestos-Related Claims Resolution and Distribution Procedures.

8.11 Asbestos-Related Claims Resolution and Distribution Procedures. The Asbestos Trust shall implement the Asbestos-Related Claims Resolution and Distribution Procedures in accordance with the terms of the Asbestos Trust Documents.

ARTICLE IX - DESCRIPTION OF THE OPERATION OF NEW RUTLAND

9.1 Creation of Merged Rutland. On the Effective Date or as soon thereafter as is practicable, Rutland Inc. will merge with and into Rutland Fire Clay Company. The Certificate of Merger shall be filed with the Secretary of State of the State of Vermont and the State of Illinois on the Effective Date. Pursuant to the Merger, all of the issued and outstanding capital stock of Rutland Inc. shall be canceled and Rutland Inc. shall be merged with and into the Rutland Fire Clay Company. At the option of the Debtors, upon the Effective Date, Rutland, Inc. may first reissue its stock to the Rutland Fire Clay Company. Asbestos Trust before effectuating the Merger. The surviving corporation of the Merger shall be named Rutland Fire Clay Co. The authorized capital stock of New Rutland shall be as set forth in its Articles of Incorporation and shall be distributed as provided for elsewhere herein.

9.2 Management of Rutland. On and after the Effective Date, the management, control and operation of New Rutland will become the general responsibility of the Board of Directors of Rutland. Upon consummation of the Plan, the Amended and Restated Certificate of Incorporation and the Amended and Restated By-laws of New Rutland will provide that the Board of Directors of New Rutland on the Effective Date shall consist of three (3) directors, who shall be Sylvester F. Miniter, III, the designated Managing Trustee of the Asbestos Trust, Thomas P. Martin and Mary Danforth, current employees of the Debtors. If for any reason Mr. Miniter shall fail to assume such position, the Committee, or if the Committee has ceased to be constituted, the TAC shall designate a person to serve in place of Sylvester F. Miniter, III. After the Effective Date the shareholder of

New Rutland may increase the number of directors.

9.3 Indemnification. The Amended and Restated Certificate of Incorporation and Amended and Restated By-laws of New Rutland shall provide on the Effective Date for indemnification of Rutland and New Rutland's directors and officers to the fullest extent permitted by applicable law now or hereafter in effect.

9.4 Permanent Channeling Injunction. Rutland and New Rutland shall have the benefits of the Permanent Channeling Injunction, as more fully set forth in Article XVI hereof.

ARTICLE X - ACCEPTANCE OR REJECTION OF THIS PLAN

10.1 Each Impaired Class Entitled to Vote Separately. Except as otherwise provided by this Plan, the holders of Claims in each impaired class of Claims shall be entitled to vote separately as a class to accept or reject this Plan. Class 7 Interests are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

10.2 Estimation of Class 4 Claims for Voting Purposes. Pursuant to the Voting Procedures Order, the Claims of holders of Class 4A and 4B Claims shall be Allowed, for voting purposes only, on the terms and conditions specified therein.

10.3 Acceptance by Impaired Classes of Claims. Pursuant to section 1126(c) of the

Bankruptcy Code, an impaired class of Claims, including without limitation Class 4 Claims and Class 5 Claims, shall have accepted the Plan if (1) the holders (other than Claims held by any holder designated pursuant to section 1126(e) of the Bankruptcy Code) of at least two-thirds (2/3) in dollar amount of the Allowed Claims actually voting in such class have voted to accept this Plan and (2) more than one-half (1/2) in number (other than Claims held by any holder designated pursuant to section 1126(e) of the Bankruptcy Code) of such Allowed Claims actually voting in such class have voted to accept this Plan. In order for the Court to enter the Permanent Channeling Injunction, 75% of those persons holding Asbestos-Related Claims voting on the Plan must accept the Plan.

10.4 Acceptance by Impaired Class of interests. Pursuant to section 1126(d) of the Bankruptcy Code, an impaired class of Interests shall have accepted this Plan if the holders (other than Interests held by any holder designated pursuant to section 1126(e) of the Bankruptcy Code) of at least two-thirds (2/3) in amount of the Allowed Interests actually voting in such class have voted to accept this Plan.

10.5 Presumed Acceptance of Plan. Classes 1, 2, 3 and 6 are unimpaired under this Plan and, therefore, are conclusively presumed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

10.6 Cramdown. Class 7 Interests are deemed to have rejected the Plan. Accordingly, the Debtors shall invoke cramdown with respect to such class pursuant to section 1129(b) of the Bankruptcy Code.

ARTICLE XI - CONDITIONS PRECEDENT

11.1 Conditions to Confirmation. The following conditions must occur and be satisfied, or be waived, on or before the Confirmation Date:

(a) The Confirmation Order shall have been signed by the Bankruptcy Court and duly entered on the docket maintained for these Chapter 11 Cases by the Clerk of the Bankruptcy Court, in form and substance reasonably acceptable to the Debtors, the Committee and the Legal Representative;

(b) The Voting Procedures Order shall have been signed by the Bankruptcy Court and duly entered on the docket maintained for these Chapter 11 Cases by the Clerk of the Bankruptcy Court, in form and substance reasonably acceptable to the Debtors, the Committee and the Legal Representative, and such Voting Procedures Order shall have become a Final Order;

(c) The Bankruptcy Court and/or the District Court shall have signed an Order or Orders, which may be the Confirmation Order, approving the Asbestos Trust Documents, including the Asbestos-Related Claims Resolution and Distribution Procedures, and such Order or Orders shall have been duly entered on the docket maintained by the Clerk of the Bankruptcy Court and/or the District Court, in form and substance reasonably acceptable to the Debtors, the Committee and the Legal Representative;

(d) (i) The District Court shall have signed an Order, which may be the Confirmation Order, establishing the Permanent Channeling Injunction, and (ii) either the Bankruptcy Court or the District Court shall have signed an Order, which may be the Confirmation Order, establishing the injunction set forth in Section 16.1; and such Order or Orders shall have been duly entered on the docket maintained by the Clerk of District Court or the Clerk of the Bankruptcy Court, as the case may be, in form and substance reasonably acceptable to the Debtors, the Committee and the Legal Representative;

(f) All Causes of Action shall be preserved and provision shall have been made to transfer the Causes of Action to the Asbestos Trust for prosecution by the Asbestos Trust; and

(g) The District Court shall have made the following findings, each of which shall be contained in the Confirmation Order:

(i) The Permanent Channeling Injunction is to be implemented in connection with the Asbestos Trust.

(ii) At the time of the order for relief, Rutland had been named as a defendant in personal injury, wrongful death, and property damage actions seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos and asbestos-containing products.

- (iii) The Asbestos Trust, as of the Effective Date, will assume the liabilities of the Debtors with respect to Asbestos-Related Claims and Demands within the meaning of section 524(g) of the Bankruptcy Code.
- (iv) The Asbestos Trust is to be funded in whole or in part by 100% of the equity interests of the Debtors and by the obligation of the Debtors, by the transfer of the Asbestos Trust Distribution and the obligation to make future payments, including dividends.
- (v) The Asbestos Trust is to own all of the voting shares of New Rutland.
- (vi) The Asbestos Trust shall have its assets or income to pay for its operating expenses and to pay Asbestos-Related Claims and Demands.
- (vii) The Debtors are likely to be subject to substantial Demands for payment arising out of the same or similar conduct or events that gave rise to the Asbestos-Related Claims and Demands that are addressed by the Permanent Channeling Injunction.
- (viii) The actual amounts, numbers and timing of the Demands cannot be determined.

- (ix) Pursuit of such Demands outside the procedures prescribed by the Plan is likely to threaten the Plan's purpose to deal equitably with Asbestos-Related Claims and future Demands.
- (x) The terms of the Permanent Channeling Injunction, including any provisions barring actions against the Protected Parties, pursuant to section 524(g)(4)(A) of the Bankruptcy Code, are set forth in the Plan and in the Disclosure Statement.
- (xi) The Plan establishes, in Classes 4A and B thereof, separate classes of Asbestos-Related Claims to be addressed by the Asbestos Trust.
- (xii) The holders of Class 4 Claims, voting as a class, have voted, by at least 75 percent (75%) of those voting, in favor of the Plan.
- (xiii) Pursuant to court orders or otherwise, the Asbestos Trust will operate through mechanisms such as structured, periodic, or supplemental payments, *pro rata* distributions, matrices, or periodic review of estimates of the numbers and values of present Asbestos-Related Claims and Demands, or other comparable mechanisms, that provide reasonable assurance that the Asbestos Trust will value, and be in a financial position to pay, Asbestos Related Claims and Demands that involve similar Claims in substantially the

same manner.

(xiv) The Legal Representative was duly appointed pursuant to section 524(g) of the Bankruptcy Code as part of the proceedings leading to issuance of the Permanent Channeling Injunction, for the purpose of protecting the rights of Entities that hold, or that might subsequently assert, Demands that are bound by the Permanent Channeling Injunction and transferred to the Asbestos Trust.

(xv) Identifying each Protected Party is fair and equitable with respect to Entities that might subsequently assert Demands against any such Protected Party, in light of the benefits provided, or to be provided, to the Asbestos Trust by or on behalf of the Debtors and any such Protected Party.

11.2 Conditions to Effectiveness of Plan. The following conditions must occur and be satisfied, or waived, on or before the Effective Date or the Plan shall not become effective:

(a) There shall not be any stay in effect with respect to the Confirmation Order and, if separate, the Order establishing the Permanent Channeling Injunction;

(b) The Confirmation Order and, if separate, the Order establishing the Permanent Channeling Injunction, shall, to the extent required by Section 524(g) of the Bankruptcy Code, have been issued or affirmed by the District Court, shall have become a Final Order or Final Orders, and shall have been duly entered on the docket of the Clerk of the Bankruptcy Court and/or District

Court, as the case may be;

(c) The Confirmation Order and the Permanent Channeling Injunction shall be in full force and effect;

(d) The Trustees of the Asbestos Trust and the TAC shall have been selected in accordance with the terms of the Asbestos Trust Agreement;

(e) All Trustees of the Asbestos Trust and Rutland shall have executed the Asbestos Trust Agreement;

(f) The Certificate of Merger shall have been filed with the Office of the Secretary of State of the State of Vermont.

11.3 Waiver of Conditions. None of the conditions contained in Sections 11.1 and Section 11.2 hereof may be waived, in whole or in part, except jointly by the Debtors, the Committee and the Legal Representative, in a writing to be filed with the Bankruptcy Court, without any further notice to any Entity other than as may be required by the Bankruptcy Court, without leave or order of the Bankruptcy Court or any other formal action.

ARTICLE XII - TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

12.1 Assumption/Rejection. Pursuant to section 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases of the Debtors that have not already been assumed or rejected shall be deemed assumed as of the Effective Date unless there is then pending before the

Bankruptcy Court a motion for the rejection of such executory contract and/or unexpired lease. If such a motion is then pending, the contract(s) or lease(s) that are the subject of such motion(s) shall be assumed or rejected as and when determined by such motion(s). Pursuant to this Plan the Debtors assume its executory contracts and/or unexpired leases with the following Entities: Cupola-Rococo; AT&T Wireless Services; PCS, Inc.; and Pallet Pro's, Inc.; SoVerNet, Inc.; Macola Software; Sterling Commerce; CityScape Jacksonville; Nova Electronics Data, Inc; GTE Network Services; Network Solutions; Ikon Office Solutions; Bell South; Pitney Bowes; Geoge Alarm Co., Inc.; Sam's Mowing; Mr. Delos G. Pollard; and AT&T.

12.2 Claims Based on Assumption or Rejection of Executory Contracts or Unexpired Leases.

An Allowed Claim arising from the assumption or rejection of an executory contract or an unexpired lease shall be classified and treated as a Class 3 Claim. All proofs of claim with respect to Claims arising from the assumption or rejection, pursuant to this Article XII, of executory contracts or unexpired leases must be filed with the Bankruptcy Court on or before the later to occur of: (i) thirty (30) days after the date of entry of an order of the Bankruptcy Court approving such assumption or rejection, or if assumption is pursuant to this Plan, 30 days after the Confirmation Date, or (ii) thirty (30) days after service of notice of such rejection, if such rejection occurs by expiration of time fixed by the Bankruptcy Court, or such Claims shall be forever barred against the Debtors and their estates and the assets and properties of New Rutland and the Asbestos Trust. Any Entity that fails to file proof of its Claim arising from such assumption or rejection within the period set forth above shall be forever barred from asserting a Claim against the Debtors, New Rutland or the Asbestos Trust, any of their respective affiliates or the property or interests in property of the Debtors, New Rutland

or the Asbestos Trust, or any of their respective affiliates.

ARTICLE XIII - IMPLEMENTATION OF THIS PLAN

13.1 Vesting of Property. Except as otherwise provided by this Plan, in accordance with sections 1123(a)(5) and 1141 of the Bankruptcy Code, on the Effective Date, title to property of the Debtors shall pass to New Rutland free and clear of all Claims, Demands, Interests, liens and encumbrances, (excluding the Class 2 liens) including, without limitation, all Asbestos-Related Claims and Demands . Also, on the Effective Date, title to the Asbestos Trust Distribution shall pass to the Asbestos Trust free and clear of all Claims, Interests, liens and encumbrances, except liabilities relating to Asbestos-Related Claims and Demands.

13.2 Abandonment of Certain Property.

On the Effective Date the Debtors abandon all rights, claims and interest, if any, in and to a total of \$39,689.00, plus interest accrued thereon, if any, funds deposited in a CNA Trust Account for Rutland claims, the corpus of which shall be paid over to counsel for claimants (for the benefit of such claimants) whose claims were settled pursuant to a certain letter agreement of Rutland's defense counsel Siemon, Huckabay, Bodary, Padilla, Morganti & Bowerman, dated September 9, 1997, in connection with the Saginaw Asbestos Foundry cases.

13.3 Cancellation of Securities, Notes or Other Instruments; Release of Liens.

(a) As of the Effective Date, all Interests, notes or other instruments evidencing a Claim, Demand or Interest shall be canceled and rendered void and each of the transfer books maintained for any such Claim, Demand, Interest, note or other instrument shall be closed.

(b) Except for the right to receive the distributions or retention of lien, if any, provided for by the Plan, the holder of a Claim, Demand, Interest, note or other instrument shall have no rights against the Debtors arising from or relating to such Claim, Demand, Interest, note or other instrument on and after the Effective Date.

13.4 Certificate of Incorporation and By-laws. The certificate of incorporation and the by-laws of Rutland shall be superseded, amended and restated, and as so amended and restated shall, as of the Effective Date, be in full force and effect. On the Effective Date the surviving corporation shall be a Vermont corporation.

13.5 Corporate Authority. The entry of the Confirmation Order shall constitute a direction and authorization to and of the Debtors, New Rutland and the Asbestos Trust to take or cause to be taken any corporate action necessary or appropriate to consummate the provisions of this Plan, including without limitation, the adoption of the Amended and Restated Certificate of Incorporation and the Amended and Restated By-laws or similar constituent documents for New Rutland, the selection of directors and officers of New Rutland, the distribution of Cash and the issuance and distribution of the New Common Stock, the adoption, execution, delivery and implementation of all contracts, instruments, releases and other agreements relating to this Plan, and all such actions taken or caused

to be taken shall be deemed authorized and approved in all respects without any further action by the stockholders or directors of the Debtors or New Rutland.

13.6 Retiree Benefits. New Rutland, as the contributing sponsor within the meaning of ERISA, will continue and maintain the Pension Plan. New Rutland will comply with all funding and other requirements of ERISA. Unless and until the Pension Plan has been terminated, the Debtors and New Rutland will have no debt due the Pension Plan or the PBGC, and, accordingly, any liabilities due the PBGC for any unfunded benefits liabilities shall not be affected in any way by this reorganization, including the discharge. If the Pension Plan has not been terminated prior to the Confirmation Date, any Claim by the Pension Plan or the PBGC shall be treated as arising after the Confirmation Date. Upon the Effective Date, any Claim that the PBGC has, or may have asserted, shall be deemed to have been withdrawn. Notwithstanding the foregoing, after the Effective Date New Rutland may terminate its pension plan(s) at any time in accordance with and subject to applicable law.

13.7 Term of Existing Injunctions or Stays. Unless otherwise provided in the Plan, all injunctions or stays in effect on the Confirmation Date pursuant to sections 105(a) or 362(a) of the Bankruptcy Code or otherwise shall remain in full force and effect until the Effective Date.

13.8 Payment of Certain Costs. New Rutland, may retain professionals to facilitate the distribution of Cash and other property pursuant to the Plan, to prosecute objections to Claims and Interests, and to take all further action necessary to complete the Chapter 11 Cases and obtain entry of a Final Order and Decree closing the Debtors' Estates. New Rutland shall be responsible for the

payment of the fees and expenses of such professionals and also all post-confirmation fees and expenses of the Committee and its professionals, and of the Legal Representative and his professionals, if any, until their authority is terminated under the Plan, such payments to be made within thirty (30) days of the submission to both New Rutland and the Asbestos Trust by such persons of reasonably detailed invoices. New Rutland or the Asbestos Trust may object to the payment of such invoices within ten days of their submission; *provided, however*, that New Rutland shall remain obligated to pay the undisputed portion of each such invoice within thirty (30) days from the date of submission. The resolution of the disputed portion of any such invoice, if not otherwise resolved by an agreement among such person, New Rutland and the Asbestos Trust shall be subject to the exclusive jurisdiction of the Bankruptcy Court.

13.9 Certain Property to be Held in Trust by New Rutland. If and to the extent that any property of the Debtors under applicable law or any contractual provision cannot be effectively transferred and assigned to the Asbestos Trust, or such transfer or assignment shall in any manner impair, adversely affect or threaten to impair such property or its value, or if New Rutland shall receive any such property (and any proceeds thereof), then such transfer or assignment shall be void *ab initio*, and New Rutland shall notify the Asbestos Trust immediately of such matter, shall retain such property in trust for the benefit of the Asbestos Trust, and shall take all reasonable actions to hold and retain such property in trust for the benefit of the Asbestos Trust and promptly upon receipt thereof take such actions as are necessary to perfect such trust, such as in the event the property is in the form of cash, check or negotiable instruments, deposit same in a trust account so named for the sole benefit of the Asbestos Trust and, following such notice, shall take only such actions with

respect to such property (and proceeds thereof) as the Managing Trustee reasonably may direct in writing.

ARTICLE XIV - PROVISIONS GOVERNING DISTRIBUTIONS

14.1 Time of Distributions Under this Plan. Notwithstanding any other provisions of this Plan, payments and distributions on account of Allowed Claims and Demands, and the transfer of the Asbestos Trust Distribution set forth in Section 8.2 hereof, shall be made by the Rutland on the Effective Date or as soon thereafter as is reasonably practicable (but in no event later than ten (10) Business Days after the Effective Date).

14.2 Settlement Regarding Distributions. Notwithstanding any other provisions contained herein, distributions to holders of Allowed Claims and Demands shall be as specified in this Plan, unless such holder agrees to accept less favorable treatment by settlement or otherwise.

14.3 Distributions to Asbestos Trust. Any and all distributions to be made to the Asbestos Trust pursuant to the terms of this Plan shall be made to the Managing Trustee (as defined in the Asbestos Trust) of the Asbestos Trust for the benefit of holders of Asbestos-Related Claims and Demands, all in accordance with applicable law, including without limitation, the laws governing trusts.

14.4 Distribution to Holders of Asbestos-Related Claims. All distributions to holders of

Asbestos-Related Claims shall be made pursuant to the Asbestos Trust Agreement.

14.5 Record Date. As of the close of business on the Record Date the transfer ledger of Old Common Stock shall be closed, and there shall be no further changes in the holders of record thereof.

14.6 Manner of Payments Under This Plan. Solely for the purposes of making distributions pursuant to the Plan, on the Effective Date, unless waived in writing by the affected creditor, the Plan Payments shall be maintained by New Rutland in separate interest bearing accounts. Any Cash payment to be made pursuant to the terms of this Plan may be made by a check or wire transfer or as otherwise required or provided in applicable agreements.

14.7 Rounding Cash. Whenever any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole cent, with one-half cent being rounded up to the nearest whole cent.

14.8 Undeliverable Distributions; Unclaimed Property.

(a) If Rutland is unable to make payment or distribution to the holder of an Allowed Claim (excluding all Asbestos-Related Claims) under this Plan for lack of a current address for the holder or otherwise, Rutland will file with the Bankruptcy Court the name, if known, and last known address of the holder and the reason for inability to make payment. If, after the passage of 60 days after such filing and after any additional effort to locate the holder that the Bankruptcy Court may direct, the payment or distribution still cannot be made, the payment or distribution and any further payment or

distribution to the holder shall be treated as unclaimed property in accordance with Section 14.8(b) hereof.

(b) If any distribution of property remains unclaimed for a period of six (6) months after it has been delivered in accordance with this Plan to the holder entitled thereto, such holder shall be deemed to have forfeited the holder's rights in or to such property, whereupon all right, title and interest in and to such unclaimed property shall immediately and irrevocably vest in the Asbestos Trust.

14.9 Transmittal of Distributed Property, and Notices. Except as otherwise provided in this Plan and except as otherwise may be agreed to by the Debtors or New Rutland and the holder of a particular Claim or Interest, any property or notice to which such holder shall become entitled pursuant to the provisions of this Plan, shall be delivered to such holder by regular mail, postage prepaid, in an envelope addressed to such holder as he or she or his or her authorized agent may direct in a request filed, on or before the Effective Date, with the Bankruptcy Court (or filed, after the Effective Date, with New Rutland), but if no such request is filed, to the address shown in the Schedules or to such holder's counsel known to the Debtors, or, if a different address is stated in a proof of claim duly filed, to such address. In all cases where delivery or distribution is effectuated by mail, the date of delivery or distribution shall be the date of mailing. Property delivered in accordance with this Section 14.9 will be deemed delivered to the holder regardless of whether such property is actually received by such holder,

14.10 Full and Final Satisfaction. Except as otherwise provided by this Plan, all payments and other distributions made pursuant to the terms and conditions of this Plan shall be in full and final satisfaction, settlement, release and, to the extent permitted by applicable law, discharge of all Claims, Demands and Interests.

14.11 No Distribution in Excess of Allowed Amount of Claim. Notwithstanding anything to the contrary herein, no holder of an Allowed Claim shall receive on account of such Claim any distribution (of a value set forth herein or in the Disclosure Statement) in excess of the Allowed Amount of such Claim and interest, to the extent provided by this Plan, due and payable from and after the Petition Date pursuant to the terms of this Plan or any order of the Bankruptcy Court which has become a Final Order.

14.12 Withholding Taxes. Any federal, state or local withholding taxes or other amounts required to be withheld under any applicable law shall be deducted from any payments or other distributions hereunder or otherwise. All holders of Claims shall be required to provide information to effectuate the withholding of such taxes.

14.13 Payment Dates. Whenever any payment or other distribution to be made of the distributions pursuant to the terms of this Plan is due on a day other than a Business Day, such payment or distribution will instead be made on the next Business Day and shall be deemed to have been completed as of the required date.

14.14 Set-offs. For purposes of determining the Allowed Amount of each Claim on which a distribution shall be made, the Debtors or Rutland, as the case may be, may, but shall not be required to, set off against any Claim, any claims of any nature whatsoever the Debtors may have against the claimant, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or Rutland of any such claim the Debtors may have against any such claimant.

ARTICLE XV - PROCEDURE FOR RESOLVING DISPUTED CLAIMS AND DISPUTED INTERESTS

15.1 Applicability. The procedure set forth in this Article XV for resolving Disputed Claims shall apply to all Claims other than Asbestos In Buildings Claims and Asbestos-Related Personal Injury Claims.

15.2 Objections to and Estimation and Resolution of Claims and Interests. An objection to the allowance of a Claim or Interest, or any motion pursuant to section 502(c) of the Bankruptcy Code to estimate any Claim, shall be in writing and must be filed with the Clerk of the Bankruptcy Court by the Debtors, the Committee, the Legal Representative, or the Asbestos Trust (each, an "Objecting Party"), as the case may be, on or before one hundred eighty(180) days following the Effective Date, or such later date as the Bankruptcy Court may fix; *provided, however*, that any party in interest may object to an application for allowance of compensation and reimbursement of expenses

of professionals under section 330 of the Bankruptcy Code; *provided, further, however*, that objections to Asbestos-Related Claims (other than Asbestos Related Building Contribution Claims and Asbestos-Related Persona Asbestos Trust.

15.3 The Objecting Party shall litigate the merits of each Disputed Claim and each Disputed Interest until determined by a Final Order and shall litigate the amount at which a Disputed Claim or Interest shall be estimated; *provided, however*, that subject to the approval of the Bankruptcy Court the Objecting Party may compromise and settle any Objection to any Claim or Interest and provided Further that after the Effective Date an objection to claim may be withdrawn by the Asbestos Trust on its own initiative or by the Debtors with the consent of the Asbestos Trust.

15.4 *Payments and Distributions With Respect to Ultimately Allowed Claims.* Payments or other distributions shall be made on account of a Disputed Claim within thirty (30) days after the date that such Disputed Claim becomes an Ultimately Allowed Claim. Holders of Disputed Claims that become Ultimately Allowed Claims shall be bound, obligated and governed in all respects by the provisions of this Plan. Upon disallowance of a Disputed Claim, the consideration reserved for such Claim (together with interest accrued thereon) shall vest with the Asbestos Trust in accordance with Section 15.5(b) of this Plan.

15.5 *Reserves for Disputed Claims.*

(a) On or as soon as practicable after the Effective Date, New Rutland shall reserve for the

account of each holder of a Disputed Claim, (i) that property which would otherwise be distributable to such holder on such date in accordance with this Plan were such Disputed Claim an Allowed Claim, as applicable, on such date or (ii) such other property as such holder and New Rutland may agree. If applicable, New Rutland shall place property reserved pursuant to this Section 15.5 in an interest bearing escrow fund (which need not be segregated, but for which separate book entries shall be kept by New Rutland) for each class to be established and maintained by New Rutland pending resolution of such Disputed Claims. Cash held in any reserve established for Disputed Claims (the "Disputed Claims Reserve") shall be invested in a manner consistent with the requirements of section 345 of the Bankruptcy Code or any order of the Bankruptcy Court.

(b) Any Disputed Claims Reserve shall be terminated by New Rutland once all distributions and other dispositions of Cash required hereunder have been made in accordance with the terms of this Plan. To the extent that any Cash or other property remains in a Disputed Claims Reserve established pending the resolution of Disputed Administrative Expense Claims, Disputed Tax Claims or Disputed Class 1, 2 or 3 Claims (including any interest accrued thereon), and such reserve has been terminated in accordance with this Section 15.5(b), such Cash or other property shall immediately and irrevocably vest in the Asbestos Trust which shall thereafter be empowered to take whatever steps may be reasonably necessary to exercise control over such Cash or other property.

15.6 Funding of Objections Process. On and after the Effective Date, New Rutland will pay the fees and expenses of the professionals retained by New Rutland and/or each Objecting Party, with the reasonable consent of the Asbestos Trust and the Legal Representative, that are associated with

the filing and prosecution of objections to Claims within 30 days after the submission of a reasonably detailed invoice to New Rutland and the Trustee setting forth such fees and expenses. Within ten (10) days after the submission of an invoice, either New Rutland or the Asbestos Trust may object to all or part of such invoice; *provided, however*, that New Rutland shall be obligated to pay the undisputed portion of such invoice within thirty (30) days of its submission. In the event that the parties cannot resolve any dispute with respect to the invoice within thirty (30) days after its submission, either New Rutland, the Asbestos Trust or the affected professional may apply to the Bankruptcy Court for resolution of the matter.

ARTICLE XVI - EFFECTS OF PLAN CONFIRMATION

16.1 Discharge, Releases and Injunction.

(a) Except as otherwise specifically provided by this Plan and the Asbestos Trust Documents,

(i) the distributions and rights that are provided in this Plan shall be in complete satisfaction, release and, to the extent permitted by applicable law, discharge of (A) all Claims and Demands against, liabilities of, liens on, obligations of and Interests in the Debtors, New Rutland or the Asbestos Trust or the assets and properties of the Debtors, New Rutland or the Asbestos Trust, whether known or unknown, and (B) all causes of action, whether known or unknown, either directly or derivatively through the Debtors or New Rutland, against the Released Parties based on the same subject matter as any Claim, Demand or Interest, in each case, regardless of whether a proof of Claim

or Interest was filed, whether or not Allowed, and whether or not the holder of such Claim or Interest has voted on this Plan, or based on any act or omission, transaction or other activity or security, instrument or other agreement of any kind or nature occurring, arising or existing prior to the Effective Date that was or could have been the subject of any Claim, Demand or Interest, in each case, regardless of whether a proof of Claim or Interest was filed, whether or not Allowed and whether or not the holder of such Claim or Interest has voted on this plan.

(ii) Furthermore, but in no way limiting the generality of the foregoing, except as otherwise specifically provided in this Plan, any Entity accepting any distributions or rights pursuant to this Plan shall be presumed conclusively to have released the Released Parties to the extent provided in the Plan from any cause of action based on the same subject matter as the Claim, Demand or Interest on which the distribution or right is received to the full extent permitted by applicable law.

(iii) The satisfactions, releases and discharges set forth in this Section 16.1 shall also act as an injunction against any Entity commencing or continuing any action, employment of process or act to collect, offset, affect or recover any Claim, Demand, Interest or cause of action satisfied, released or discharged hereunder.

(b) Notwithstanding Section 16. 1 (a) or any other provision of this Plan to the contrary, the release and injunction set forth in Section 16. 1(a) shall not serve to release or enjoin claims by the Asbestos Trust against any insurance carrier or surety that issued, or is alleged to have issued, a policy or policies of insurance to, or on behalf of, Rutland unless such insurance carrier or surety is specifically named as a beneficiary of or a party to an Insurance Carrier or Surety Settlement Order.

16.2 Permanent Channeling Injunction. On and after the Effective Date, the Protected Parties

to the extent provided therein shall have the benefits and protections of the Permanent Channeling Injunction.

16.3 No Release of Causes of Action.

(a) Notwithstanding any other provision of this Plan, pursuant to section 1123(b)(3) of the Bankruptcy Code, the Asbestos Trust (as a representative of the Debtors's estate) shall obtain title to and have the exclusive right to and may commence, enforce, prosecute, manage and/or settle against any Entity all Causes of Action of the Debtors, that arose before the Effective Date, including all Causes of Action of a trustee and Debtors-in-possession under the Bankruptcy Code and any and all claims and causes of action arising under federal, state or other applicable law; *provided, however*, that the Estate will not commence, and the Asbestos Trust shall not obtain the right to commence, any avoidance or recovery actions against Thomas Martin, Janet P. Martin or John B. Martin, and former or extinguished shareholders.

16.4 Exculpation. Except as otherwise provided in the Plan, none of the Released Parties (excluding any insurance carriers) shall have or incur any liability to any Entity for any act or omission in connection with or arising out of the formulation, preparation, dissemination, prosecution, confirmation, consummation, discussion, implementation or administration of this Plan, the Disclosure Statement, any contract, release, or other agreement or document created or entered into, the property to be distributed under the Plan, or any other action taken or omitted to be taken in connection with these Chapter 11 Cases or this Plan, to and including the Effective Date, except for

gross negligence, fraud or willful misconduct, and in all respects shall be entitled to rely upon the good faith and informed advice of counsel with respect to their duties and responsibilities under the Plan.

16.5 Termination of Protected Party Status and Protection of Permanent Channeling Injunction. Notwithstanding anything to the contrary in this Plan, in the event that any Entity providing insurance to the Debtors with respect to Asbestos-Related Claims hereafter denies coverage or alleges that any provision of this Plan voids, excuses or excludes such coverage in whole or in part, then, in addition to such Entity no longer being a Protected Party, holders of Asbestos-Related Personal Injury Claims and Asbestos In Building Claims, with the Trustee's prior written consent, may commence legal action against or relating to such Entity and, to the extent necessary or required by applicable non-bankruptcy law, New Rutland and/or the Asbestos Trust, to recover for their injuries and losses solely to the extent of any available insurance coverage issued by such Entity and not from any other property or assets of New Rutland.

ARTICLE XVII - MISCELLANEOUS PROVISIONS

17.1 Retention of Jurisdiction. The business and assets of the Debtors shall remain subject to the jurisdiction of the Bankruptcy Court until the Effective Date. From and after the Effective Date, except as otherwise provided by law, the Bankruptcy Court shall retain and have exclusive jurisdiction over New Rutland and the Chapter 11 Cases for the purpose of determining all disputes

and other issues presented by or arising under this Plan including, without limitation, the following matters:

(a) to allow, disallow, estimate, liquidate or determine any Claim against or Interest in the Debtors and to enter or enforce any order requiring the filing of any such Claim or Interest before a particular date, and to resolve any and all disputes relating to any Claim or Interest, except in each case an Asbestos-Related Personal Injury Claim or an Asbestos In Buildings Claim.

(b) to determine requests for payment of Claims entitled to priority under section 507(a)(1) of the Bankruptcy Code, including any and all interim and final applications for compensation for professional services rendered and disbursements incurred in connection therewith;

(c) to resolve any and all controversies and disputes regarding the interpretation and enforcement as may be necessary to effectuate the consummation and full and complete implementation of this Plan;

(d) to resolve any and all controversies and disputes regarding the implementation or interpretation of the Asbestos Trust and related matters, including, without limitation, the settlement of accounts, the resolution of disputes between the TAC and the Trustees, and the termination of the Asbestos Trust, as those matters are provided for in paragraphs 2.2(f), 5.1(c) and 6.2(a)(iii), respectively, of the Asbestos Trust Agreement, but excluding all matters related to the Permanent Channeling Injunction, as set forth in Section 16.2 hereof,

(e) to enter orders in aid of the execution of this Plan, and releases provided for in this Plan, including, without limitation, appropriate orders (which may include contempt or other sanctions) to protect the Debtors, its affiliates and other Entities from actions prohibited under Article XVII of this Plan;

(f) to remedy any defect or omission or reconcile any inconsistency in the Confirmation Order;

(g) to determine any and all applications, motions, adversary proceedings and contested matters pending on the Effective Date and arising under, arising in or related to the Chapter 11 Case or this Plan, including any remands of appeals that may be pending on the Effective Date;

(h) to enforce the provisions of this Plan relating to the distributions to be made hereunder;

(i) to resolve any action brought to avoid or otherwise determine the validity, extent, enforceability, priority and perfection of any lien or other encumbrance on any property of the Debtors;

(j) to determine any and all pending applications for the rejection or disaffirmance of executory contracts or leases, and to hear and determine, and if need be to liquidate, any and all Claims arising therefrom;

(k) to resolve any disputes concerning any reserve established for Disputed Claims or the administration thereof;

(l) to resolve any disputes concerning any release of non-Debtors hereunder or the injunction against acts, employment of process or actions against such non-Debtors arising hereunder;

(m) to resolve any disputes concerning whether a Entity had sufficient notice of the Chapter 11 Case, any applicable Claims bar date, the hearing on the approval of the Disclosure Statement as containing adequate information, and the hearing on the confirmation of this Plan for the purpose of determining whether a Claim, Demand or Interest is satisfied, released or discharged hereunder or for any other purpose;

(n) to determine such other matters as may be set forth in the Confirmation Order or that may arise in connection with the implementation of this Plan;

(o) to resolve any disputes regarding any invoice submitted to New Rutland by a professional for fees and/or expenses associated with the prosecution or settlement of objections to Claims or Interests; and

(p) to enter a final decree closing the Chapter 11 Case.

17.2 Jurisdiction as to the Permanent Channeling Injunction. The District Court shall retain

jurisdiction over any proceeding that involves the validity, application, construction, or modification of the Permanent Channeling Injunction.

17.3 Binding Effect of Plan. The provisions of this Plan and the rights, benefits and obligations of any Entity named or referred to in this Plan, including without limitation New Rutland, any holder of a Claim, Demand or Interest and the Asbestos Trust, shall be binding upon, and will inure to the benefit of, such Entity's heirs, executors, trustees, administrators, successors, assigns, agents, officers and directors.

17.4 Withdrawal of this Plan. The Debtors reserve the right, upon the written consent of the Committee, to revoke and withdraw this Plan as the plan of reorganization for the Debtors' Chapter 11 Cases, at any time prior to the entry of the Confirmation Order or, if the conditions set forth in Section 11.2 hereof cannot be satisfied for any reason after the Confirmation Date, at any time up to the Effective Date. If the Debtors revoke or withdraws this Plan or if the Confirmation Date or Effective Date does not occur, then this Plan shall be deemed null and void.

17.5 Modification of this Plan. Prior to the entry of the Confirmation Order, the Debtors reserve the right, upon the written consent of the Committee and the Legal Representative, and in accordance with the Bankruptcy Code, to amend or modify this Plan, and after the entry of the Confirmation Order, the Debtors may, upon the written consent of the Committee and the Legal Representative, upon order of the Court, amend or modify this Plan in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency

in this Plan in such manner as may be necessary to carry out the purpose and intent of this Plan.

17.6 Transfer of Documents. On the Effective Date, or as soon thereafter as reasonably practicable, the Debtors or New Rutland, as the case may be, shall transfer copies or make available to the Asbestos Trust any and all records of New Rutland requested by the Asbestos Trust.

17.7 Cooperation. The Debtors, New Rutland and the Asbestos Trust shall cooperate with each other and provide each other with reasonable assistance in connection with the performance of this Plan and the Asbestos Trust Documents.

17.8 Transfer of all Privileges. All privileges which the Debtors are entitled to assert, including but not limited to attorney/client and work product privileges, shall be transferred on the Effective Date to the Asbestos Trust. The Asbestos Trust, in its sole and absolute discretion, may assert any applicable privileges or use, disclose or waive any applicable privileges of the Debtors with respect to any information or documents received or obtained pursuant to this Section 17.8. In addition, New Rutland shall make available to the Asbestos Trust any persons then employed by New Rutland as a director, officer, employee, professional, agent or representative, at reasonable times and on a reasonable basis, at the cost and expense of the Asbestos Trust, to assist the Asbestos Trust in the performance of its duties, including the prosecution of the Causes of Action. The Debtors shall be deemed to have authorized the Asbestos Trust, at the Asbestos Trust's cost and expense, for itself and in the name of the Debtors, to the extent permitted by law (or with the consent of the person(s) in question), to obtain from any of the Debtors' current and former attorneys, special counsel, ordinary course professionals, accountants, advisors, professionals, officers, directors, employees,

representatives or agents and insurance carriers any and all information and documents which the Debtors would be entitled or permitted to obtain; *provided, however*, that in the event legal action is required to obtain such information or documents, or any cost or expense shall be incurred in connection therewith, the Asbestos Trust shall take such action, either in its name, or, if required, in the name of the Debtors, and the Asbestos Trust shall bear all legal fees, costs and expenses related thereto.

17.9 Confidentiality. The Asbestos Trust shall not be obligated or required to disclose to New Rutland any information, documents or professional advice it receives or obtains relating or referring to the Causes of Action.

17.10 Tax Provision. The issuance, transfer or exchange of a security, or the making, delivery or recording of a deed or other instrument of transfer under this Plan shall constitute the issuance, transfer or exchange of a security or the making or delivery of an instrument of transfer within the meaning of section 1146(c) of the Bankruptcy Code, and shall not be taxed either to the Debtors' estate, as seller, or to the transferee or recipient thereof under any law imposing a stamp tax or similar tax.

17.11 Payment of Fees of United States Trustee. All fees due and payable to the United States Trustee as required by 28 U.S.C. §1930(a)(6) shall be paid by the Debtors as and when due.

17.12 Notices. All notices or requests to the Debtors in connection with this Plan shall be in writing and will be deemed to have been given when received by first class mail, postage prepaid or

by overnight courier addressed to:

- (i) Rutland Fire Clay Co, and Rutland, Inc.
PO Box 340
Rutland VT 05702-0340
Attn: Tom Martin

with a copy to:

- Raymond J. Obuchowski, Esq.
Obuchowski Law Office
PO Box 60, Route 107
Bethel, VT 05032
(802) 234-6244
- (ii) John J. Preefer, Esq.
630 Third Avenue, 17th Floor
New York New York 10017
(212) 661-1900
- (iii) Richard Levy, Jr., Esq.
Legal Representative of Future Claimants
c/o Freeman Forrest & Levy LLP
415 Madison Avenue
New York, New York 10017
(212) 980-4050
- (iv) Sylvester F. Minitier, Trustee
Rutland Asbestos Trust
144 Broomsedge Lane
Kiawah Island, S.C. 29455
(843) 768-3759
- (v) To the TAC:

Nancy Worth Davis, Esq.
Ness, Motley, Loadholt Richardson & Poole
P.O. Box 1792
Mount Pleasant, S.C. 29465

Mary Skelnik, Esq.
Baron & Budd
3102 Oaklawn
Suite 1100
Dallas, TX 75219

Sanders McNew, Esq.
Weitz & Luxenberg, P.C.
180 Maiden Lane
New York, NY 11038

All notices and requests to Entities holding any Claim or Interest in any class shall be sent to them at their last known address or to the last known address of their attorney of record who has filed a notice of appearance in these Chapter 11 Cases. The parties listed above, or any successors thereto, and any such holder of a Claim or Interest may designate in writing any other address for purposes of this Section 17.12, which designation will be effective upon receipt.

17.13 Dissolution and Termination of Authority. On the later of (a) the Effective Date, (b) the date of a Final Order denying any timely filed motion or proceeding to revoke, modify or set aside the Confirmation Order and (c) the date of consummation of a settlement of insurance coverage with Fireman's Fund, the Committee shall be dissolved, and the members of the Committee and their counsel and representatives, the Legal Representative, the Consultant and their respective professionals, and the Debtors' legal and financial advisors, shall thereupon be released and discharged of and from all further duties, responsibilities and obligations, if any, related to, arising from and in connection with services rendered in their respective capacities in the Chapter 11 Cases. The discharge of the Committee and the Legal Representative shall not abrogate the obligations of New Rutland to pay any fees and expenses of the Committee, the Legal Representative and their professionals, if any, through the date of discharge.

17.14 Headings. The headings used in this Plan are inserted for convenience only and neither

constitute a portion of this Plan nor in any manner affect the provisions of this Plan.

17.15 Severability. At the Debtors' sole discretion, any provision of the Plan, the Confirmation Order, the Permanent Channeling Injunction, or any of the Exhibits to the Plan that is prohibited, unenforceable, or invalid shall, as to any jurisdiction in which such provision is prohibited, unenforceable, or invalidated, be ineffective to the extent of such prohibition, unenforceability, or invalidation without invalidating the remaining provisions of the Plan, the Confirmation Order, the Permanent Channeling Injunction, and the Exhibits to the Plan or affecting the validity or enforceability of such provision in any other jurisdiction.

17.16 Entire Agreement. This Plan and the Exhibits hereto constitute and contain the entire agreement of the parties with respect to the subject matter hereof and, upon the Effective Date, collectively supersede any and all prior negotiations, correspondence, understandings and agreements regarding the subject matter hereof.

DATED at Rutland, Vermont: October 13, 2000.

RUTLAND FIRE CLAY COMPANY and
RUTLAND, INC.

By: _____
Thomas Martin, President,
duly authorized agent

OBUCHOWSKI LAW OFFICE
Counsel to Debtors in Possession
PO Box 60, Route 107
Bethel, Vermont 05032
(802)234-6244

By: _____
Raymond J. Obuchowski, Esq.

Bar ID# 000502389
Jennifer Emens-Butler, Esq.
Bar ID# 000845663

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Exhibit 2
Asbestos Trust

RUTLAND FIRE CLAY COMPANY ASBESTOS TRUST AGREEMENT

This Rutland Fire Clay Company Asbestos Trust Agreement ("Trust Agreement") dated as of _____, 2000 is between Rutland Fire Clay Company and Rutland, Inc. ("Rutland"), as Settlers (the "Settlers" or the "Debtors") and Sylvester F. Miniter, III, (the "Managing Trustee") and Wilmington Trust Company (the "Institutional Trustee"), as Trustees, or such other successor Trustees as may be appointed. All references herein to Debtors shall refer to both Rutland Fire Clay Company and Rutland, Inc. as reorganized debtors under a plan of reorganization confirmed on _____, 2000 in the United States Bankruptcy Court for the District of Vermont, unless otherwise indicated to the contrary. All references herein to "Trustee" shall refer to the Managing Trustee and his successors unless otherwise indicated to the contrary. The term "Trustees" shall refer to both the Managing Trustee and the Institutional Trustee as well as their respective successors.

WHEREAS, Rutland filed a voluntary petition for relief under Title 11 of Chapter 11 of the United States Code (the "Bankruptcy Code") on October 13, 1999 and has a proposed a Plan of Reorganization, (the "Plan")¹ which called for the establishment of the Rutland Fire Clay Company Asbestos Trust (the "Trust"); and

WHEREAS, pursuant to the Plan, the Trust is to use its assets and income to pay in accordance with the Asbestos Bodily Injury Claims Resolution Procedures and the Asbestos Property Damage Claims Resolution Procedures (the "Asbestos Claims Resolution Procedures") Claims and Demands against the Debtors, as defined in Sections 101(5) and 524(g) (5) of the Bankruptcy Code, respectively as such claims are allowed under Section ____ of the Plan; and

WHEREAS, pursuant to the Plan, the Trust is intended to qualify as a "designated settlement fund" or a "qualified settlement fund" within the meaning of Section 1.468B-1 of the Treasury regulations promulgated under Section 468B of the Internal Revenue Code; and

¹Unless the context requires otherwise, all capitalized terms used herein and not otherwise defined have the meanings assigned thereto in the Plan for Rutland as confirmed by Order of the Bankruptcy Court and/or the District Court.

WHEREAS, the United States Bankruptcy Court for the District of Vermont, (the "Bankruptcy Court") and/or the United States District Court for the District of Vermont (the "District Court") determined that the Trust and the Plan satisfy all the prerequisites for a supplemental injunction pursuant to Section 524(g) of the Bankruptcy Code (the "Permanent Channeling Injunction"), which Permanent Channeling Injunction has been entered in connection with the Order confirming the Plan;

WHEREAS, in order to effectuate the Debtors's Plan, to provide for the payment of Asbestos Claims and Demands and to receive the benefits under the Internal Revenue Code so providing for certain of such payments, the Settlers desire to enter into this Trust Agreement with the Trustee and transfer the assets set forth in Article VIII, Section 8.2, of the Plan (the "Trust Assets"), to the Trust pursuant hereto.

NOW, THEREFORE, IT IS HEREBY AGREED as follows:

ARTICLE I

DECLARATION OF TRUST

1.1 Creation and Name. The Settlers hereby create a trust known as the "Rutland Fire Clay Company Asbestos Trust", which is the Trust provided for and referred to in the Plan. The Trustee of the Asbestos Trust may transact the business and affairs of the Trust in the name "Rutland Fire Clay Company Asbestos Trust". It is the intention of the parties hereto that the Trust created hereby constitutes a business trust under Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. § 3801 et seq. (the "Delaware Business Trust Act") and that this document constitutes the governing instrument of the Trust. The Trustees are hereby authorized and directed to execute and file a Certificate of Trust with the Office of the Secretary of State of the State of Delaware in accordance with the provisions of the Delaware Business Trust Act.

1.2 Purpose. The purposes of the Trust are (i) to assume the liabilities, within the meaning of Section 524(g) (2) (B) (i) (1) of the Bankruptcy Code, of the Debtors and their successors in interest resulting from personal injury, wrongful death, and/or property-related damage attributable to the presence of, and/or exposure to, the Debtors' asbestos or asbestos-containing products; (ii) to use the Trust Assets and income to pay holders of Allowed

Asbestos Related Claims and Demands in accordance with the Plan and this Trust Agreement and the Asbestos Procedures; and (iii) to otherwise comply in all respects with the requirements of a trust set forth in Section 524(g)(2)(B)(i) of the Bankruptcy Code.

1.3 Transfer of Assets. The Settlers hereby irrevocably transfer and assign to the Trust the Creditors Trust Distribution set forth in Article VIII, Section 8.2, of the Plan, having heretofore obtained all consents and taken all other steps necessary to make such transfer and assignment. Rutland shall take any and all steps as may be further necessary to effectuate fully the transfer and assignment of the Trust Assets.

1.4 Acceptances of Assets and Assumption of Liabilities. In connection with and in furtherance of the purposes of the Trust and subject to Section 4.4, below, the Trustee hereby expressly accepts the transfer and assignment to the Trust of the Trust Assets set forth in Article VIII, Section 8.2 of the Plan, and the Trust hereby further expressly assumes liability and responsibility within the meaning of Section 524(g)(2)(B)(i) of the Bankruptcy Code for, and undertakes and shall control, liquidating in accordance with the Asbestos Bodily Injury Claims Resolution Procedures and the Asbestos Property Damage Claims Resolution Procedures, (cumulatively, the "Procedures"), all Asbestos Bodily Injury Claims and Demands and all Asbestos Property Damage Claims and Demands, (cumulatively, "Claims and Demands"). As provided in the Plan the Reorganized Debtors shall have no further financial or other responsibility for any Asbestos Claims and/or Demands. The Trust shall have all defenses, cross-claims, offsets, and recoupments of any nature whatsoever regarding Asbestos Bodily Injury Claims and Demands or Asbestos Property Damage Claims and Demands that Rutland has or would have had under applicable law.

ARTICLE II

POWERS AND TRUST ADMINISTRATION

2.1 Powers.

2.1.1 Subject to the limitations set forth in this Trust Agreement, the Trustee shall have the power to take any and all actions that in the judgment of the Trustee are necessary or convenient to effectuate the purposes of the Trust, including without limitation, each power expressly granted in Subsection 2.1.3 below and any power reasonably incidental thereto.

2.1.2 Except as provided in the Plan or otherwise specified herein, the Trustee need not obtain an order of approval of any court in the exercise of any power or discretion conferred hereunder.

2.1.3 Without limiting the generality of Subsection 2.1.1 above, the Trustee shall have the power to:

2.1.3.1 receive and hold the Trust Assets, and invest monies held from time to time therein;

2.1.3.2 transfer, exchange or sell any or all assets of the Trust on such terms as the Trust considers proper subject to the advice and consent of the Trust Advisory Committee (the "TAC") as required herein below, and to sell all or any part of the securities issued by the Settlers that are included in the Trust Assets, subject to the approval of the TAC as required herein below.;

2.1.3.3 acquire any other corporation, business entity, product line or operating division of any business at the Trustee's discretion, with the advice and consent of the TAC;

2.1.3.4 supervise and administer the Asbestos Claims Resolution Procedures;

2.1.3.5 pay Trust Expenses and liabilities, and pay Asbestos Bodily Injury Claims and Demands and Asbestos Property Damage Claims and Demands as such Claims and Demands are determined in accordance with the Asbestos Claims Resolution Procedures;

2.1.3.6 borrow money and issue notes and other evidences of indebtedness (which notes or other evidences of indebtedness shall exonerate the Trustees from personal liability with respect thereto) in the ordinary course of operations for payment of indemnification liabilities and other Trust expenses and the Claims;

2.1.3.7 enter into any other agreement required by the Plan or reasonably necessary or beneficial to implement the Plan and the Claims Resolution Procedures and performance of the Trust's obligations thereunder, including, without limitation, enter into any agreement and/or use the resources of and/or merge with other asbestos claims resolution organizations or facilities that have the capacity to evaluate and/or pay Claims and Demands in a manner consistent with the purposes of the Plan, and not inconsistent with

the Trust. The power conferred in this Subsection 2.1.3.7 shall include, subject to the consent of the TAC pursuant to Section 5.1.2, the power to cause the Trust to become a sub-trust of any master trust arrangement by contributing the Trust Assets to a separate sub-trust of a master trust that is governed by terms substantially identical to the terms of this Trust Agreement; provided, however, that in the event the Trust shall become a sub-trust of any master trust arrangement, the Trust Assets shall not be commingled with any other trust without the approval of the Bankruptcy Court;

2.1.3.8 commence, prosecute, settle, dismiss or abandon any Causes of Action of the Debtors' estate;

2.1.3.9 commence the filing of a Bankruptcy petition for Rutland subject to the advice and consent of the TAC;

2.1.3.10 exercise all rights and benefits accruing to the Trust as owner of any shares of the Debtors that the Trust shall own from time to time;

2.1.3.11 establish such funds, reserves and accounts within the Trust, in addition to the funds created hereby, as deemed by the Trustee to be useful in carrying out the purposes of the Trust;

2.1.3.12 sue and be sued and participate, as a party or otherwise, in any judicial, administrative, arbitratative or other proceeding other proceeding in connection with this Trust;

2.1.3.13 adopt and amend any by-laws desirable for the administration of the Trust that are not contrary to or abridge the Trust Agreement;

2.1.3.14 appoint such officers and hire such employees and engage such legal, financial and other advisors, professionals, contractors and agents as the business of the Trust requires and to delegate to such persons such powers, authority, and discretion as the Trustee deems advisable or necessary in order to carry out the purposes of the Trust, and pay the Trustee, subject to Section 4.5, and pay such officers, employees, advisors and agents reasonable compensation as determined by the Trustee and properly documented out-of-pocket costs and expenses;

2.1.3.15 to pay the reasonable compensation and the reasonable, properly documented, out-of-pocket expenses and costs

of the members of The Advisory Committee (as defined in the Plan) (the "TAC") and any legal, financial and other advisors or professionals retained by the TAC;

2.1.3.16 indemnify (and purchase insurance indemnifying) the Trustee, officers, employees, agents, advisors, professionals and representatives of the Trust, the members of the TAC and their professionals and advisors to the fullest extent that a Trust organized under Delaware law is from time to time entitled to indemnify its Trustees, directors, officers, employees, agents or representative;

2.1.3.17 delegate any or all of the discretionary power and authority herein conferred at any time with respect to all or any portion of the Trust Assets to any one or more reputable individuals or recognized institutional advisors or investment managers without liability for any action taken or omission made because of any such delegation; and

2.1.3.18 execute and deliver such deeds, leases and other instruments as the Trustee considers proper in administering the Trust.

2.1.4 The Trustee on behalf of the Trust shall not have the power to guarantee any debt of other Entities, in connection with the sale of Trust Assets in which case the Trust shall have the power to provide a guarantee in an amount not exceeding the consideration received by the Trust on the sale.

2.2 Administration. The Trust shall be administered as follows:

2.2.1 **Offices.** The principal office of the Trust shall be at 203 Seventh Street, N.E.; Leeds, Alabama 35094 or at such other place, within the United States of America, as the Trustee may from time to time determine to be appropriate for the efficient and cost-effective administration of the Trust.

2.2.2 **Regular Meetings.** Regular meetings of the Trustee with the TAC may be held at such time as from time to time shall be determined by the Trustee with notice to the TAC; provided, however, that the Trustee and the TAC shall meet at least once per calendar quarter during the first and second years following the Effective Date of the Plan and at least once per year

thereafter. Whenever advisable, it is encouraged that regular meetings be held telephonically.

2.2.3 Special Meetings; Notice. Special meetings of the Trustee and the TAC shall be held whenever called by the Trustee or by the majority vote of the TAC. Notice of each such meeting shall be mailed by first class mail, postage prepaid, to the Trustee and the members of the TAC, addressed to them at their residences or usual places of business, at least ten (10) days before the date on which the meeting is to be held, or shall be sent to such place by facsimile, telegraph, cable, or wireless, or by hand or by express mail or overnight courier or by telephone, not later than three (3) days before the day on which such meeting is to be held. Such notice shall state the place, date and hour of the meeting and the purpose(s) for which it is called. In lieu of the notice to be given as set forth above, a waiver thereof in writing, signed by the Trustee and by the members of the TAC, either before or after the meeting, shall be deemed equivalent thereto for purposes of this Section.

2.2.4 Action Without a Meeting; Meeting by Conference Call. Any action required or permitted to be taken at any meeting of the Trustee with the TAC or by the TAC may be taken without a meeting if those persons required to act consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Trust or the TAC. The Trustee or members of the TAC may participate in a meeting of the Trustee or the TAC, as the case may be, by means of conference telephone or similar communications equipment provided that all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this paragraph shall constitute presence in person at such meeting.

2.3 Accounting Period. The accounting period for the Trust (the "Fiscal Year") shall be selected by the Trustee.

2.4 Delivery of Trust Documents to New Rutland. The Trustee shall timely file or shall deliver to New Rutland such documents and other information as New Rutland may reasonably require in order to permit it to timely file such income tax and other returns and statements as are required of New Rutland to comply with applicable provisions of the Internal Revenue Code and state law and any regulations promulgated thereunder.

2.5 Annual Reports. The Trustee shall cause to be prepared and filed with the Court, with copies delivered to the members of the TAC, and to the Reorganized Debtors, as soon as available, but, in any event, within one hundred twenty (120) days following the end of each Fiscal Year, an annual report containing financial statements of the Trust (including, without limitation, (a) a balance sheet and a statement of operations for such Fiscal Year audited by a firm of independent public accountants selected by the Trustee and certified by such firm as to fairness of presentation and consistency, (b) a report on the number of Claims received and the number of Claims liquidated, if any, and the amount per claim paid or payable and (c) such other information as the Trust deems relevant.

2.6 Tax Returns. The Trustee shall timely file income tax and other returns and statements for the Trust and comply with all withholding obligations as required under applicable provisions of the Internal Revenue Code and state law and any regulations promulgated thereunder as applied to a Trust under the Internal Revenue Code and the regulations thereunder.

2.7 Settlement of Trustees' Accounts and Activities. Notwithstanding any state law to the contrary, the Bankruptcy Court shall have exclusive jurisdiction over the accounts and activities of the Trustee, whether an accounting or other report is rendered by the Trustee himself or an accounting is sought by any person holding an Asbestos Bodily Injury Claim or Demand, or Asbestos Property Damage Claim or Demand, or other person or Governmental Entity. The Trustee shall render successive accounts and reports covering periods of one year. In addition, an account and report shall be rendered for the period ending on the date of the death, resignation, removal or retirement of the Trustee. Upon the acceptance of any such account and report by the Court after hearing on notice to New Rutland, the TAC and such other parties as the Court shall designate, the Trustee shall be discharged from any further liability or responsibility to any person holding an Asbestos Related Claim or Demand, or other Person, as to all matters embraced in such account and report, and to the Trust.

2.8 Powers of the Institutional Trustee.

2.8.1 The Institutional Trustee and any successor Trustee to the Institutional Trustee, shall not have any of the powers or duties of the Trustee of the Trust set forth herein (except as may be required under the Delaware Business Trust Act) and shall be a trustee of the Trust for the sole purpose of satisfying the requirements of § 3807 of the Delaware Business Trust Act.

2.8.2 It is expressly understood and agreed by the parties hereto that: (a) this Trust Agreement is executed and delivered by Wilmington Trust Company ("WTC"), not in its individual capacity but solely as trustee of the Trust, as described in Article 1.1 hereof; (b) under no circumstances shall WTC, or any successor Institutional Trustee, be personally liable for the payment of any indebtedness or expenses of the Trust or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by or on behalf of the Trust; and (c) in no event shall WTC or the Institutional Trustee be required to take any action in any jurisdiction other than the State of Delaware if the taking of such action may (i) require the consent, approval, authorization or order of or the giving of notice to, or the registration with or the taking of any action in respect of any state or other governmental authority or agency of any jurisdiction other than the State of Delaware; (ii) result in any tax, lien, charge, fee or other expense becoming payable by WTC, or any successor Institutional Trustee; or (iii) subject to WTC, or any successor Institutional Trustee, to personal jurisdiction in any jurisdiction other than the State of Delaware for causes of action arising from acts unrelated to the consummation of the transactions by the Institutional Trustee contemplated hereby.

ARTICLE III

ACCOUNTS, PAYMENTS AND INVESTMENTS

3.1 Accounts.

3.1.1 The Trustee may, from time to time, create additional funds, reserves and accounts within the Trust as he or she may deem necessary, prudent or useful in order to provide for the payment of Trust expenses, Claims and Demands or otherwise to effectuate the purposes of the Trust and may, with respect to any such fund, reserve or account, restrict the use of monies therein. The Trustee shall establish the accounts set forth in Exhibit B, Asbestos Bodily Injury Claims Resolution Procedures, Article 6, Section 6.1, for the payment of Claims and Demands, subject to amendment as provided for in this Agreement or in the Asbestos Bodily Injury Claims Resolution Procedures.

3.2 Payments.

3.2.1 The Trust shall:

3.2.1.1. cause estimates to be made of the numbers and values of pending and projected Asbestos Related Personal Injury Claims and Demands with the assistance of a consultant familiar with asbestos disease claim projections and at the same time cause estimates to be made of the total Available Cash and non cash assets held by the Trust except for the Causes of Action unless at the time a settlement is pending.

3.2.1.2 calculate the pro rata share of the Asbestos Personal Injury Fund for the payment of Asbestos-Related Personal Injury Claims and Demands so that the holders thereof shall receive substantially the same percentage payment on subsequent distribution dates;

3.2.1.3 make distributions from the Asbestos Personal Injury Fund in accordance with Asbestos Bodily Injury Claims Resolution Procedures.

3.2.1.4 make distributions from the Asbestos
in Buildings Fund in accordance with the Asbestos Property
Damage Claims Resolution Procedures.

3.2.1.5 make distributions in accordance with
this Trust; the Trustee is not required to accept claims more
often than bi-annually and then for a period of not more than two
months. The Trustee shall not be required to distribute payment
on claims more frequently than once a year, provided claims remain
unpaid from one year to the next during each bi-annual claims
period. The Trustee may at his or her discretion, distribute more
frequently if funds are available. Claims not paid during any bi-
annual claims period, shall be carried over to the extent
possible, and paid in the next bi-annual claims period on a first
in first out basis.

3.2.2 At any time subsequent to the distribution of
available cash of the Trust pursuant to Section 3.2.1 as the
Trustee believes he is likely to have additional available cash
to pay claimants, the Trust may cause an additional estimate to
be made of the numbers and values of Asbestos Bodily Injury Claims
and Demands and valuation of Trust Assets in the same manner as
in subsections 3.2.1.1 and 3.2.1.2 above, and shall cause
additional distributions to be made in the same manner as
subsections 3.2.1.3 - 3.2.1.5 above.

3.2.3 Recognizing that it is desirable to make
payment to claimants expeditiously, provided it is economically
prudent given the funds then available to the Trust, the Trustee
may determine, nevertheless, with the consent of the TAC, to
defer making payments under the Claims Resolution Procedures if
the Trustee, after consultation with the TAC, determines that the
administrative costs of such an expeditious payment is
proportionately so significant that no payment should be made
pending receipt of additional funds or such other circumstances
that would make payment feasible.

3.2.4 In making any estimates, judgments or decisions
concerning the future availability of cash, amounts to be paid,
percentages, pro rata payments and timing of payments, the
judgment and decisions of the Trustee shall be final and
conclusive, subject to the TAC's consent in 3.2.3 above; provided,

however, that such decisions are subject to review by any court of competent jurisdiction.

3.3 Investments. Funds held in the Trust shall be invested in the manner in which individuals of ordinary prudence, discretion and judgment would act in management of their own affairs, subject to the following limitations and provisions:

3.3.1 The Trust shall not hold or acquire, directly or indirectly, equity in any other Entity (other than Rutland and its subsidiaries, affiliates, successors and assigns) or business enterprise if, immediately following such acquisition, the Trust would hold more than 5% of the equity in such Entity or business enterprise unless (1) such Entity or business enterprise is an asbestos claims processing or asbestos data base facility or (2) such Entity is the result of a merger or other business combination of or with Rutland or its subsidiaries or affiliates.

3.3.2 The Trust shall not acquire or hold any long-term debt securities unless (i) such securities are Trust Assets under the Plan, (ii) such securities are rated "A" or higher by Moody's Investors Service, Inc. ("Moody's"), "AA" or higher by Standard & Poor's corporation ("S&P's") or have been given equivalent investment grade rating by another nationally recognized statistical rating agency, (iii) have been issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof, (iv) unless such securities have been issued by an asbestos claims processing facility, or asbestos data base, or (v) are securities of an Entity which is the result of a sale, merger or other business combination of or with Rutland.

3.3.3 The Trust shall not acquire nor hold for longer than ninety (90) days any commercial paper unless such commercial paper is rated "Prime-1" or higher by Moody's or "A-1" or higher by S&P or has been given an equivalent investment grade rating by another nationally recognized statistical rating agency.

3.3.4 The Trust shall not acquire nor hold any equity in any Entity or business enterprise (other than Rutland, its subsidiaries, successors and assigns) unless such equity interest is in the form of securities which are traded on a national securities exchange or major international securities exchange or through the National Association of Securities Dealers Automated

Quotation System or unless such Entity or business enterprise is an asbestos claims processing facility or asbestos data base.

3.3.5 The Trust shall not acquire nor hold any preferred stock of any entity unless such preferred stock is rated "B" or higher by Moody's or "B+" or higher by S&P or has been given an equivalent investment grade rating by another nationally recognized statistical rating agency, and also complies with subsection 3.3.4 above or unless such preferred stock is preferred stock of an asbestos claims processing facility or asbestos data base.

3.3.6 The Trust shall not acquire any debt securities or other instruments issued by any Entity (other than debt securities or other instruments issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof) if; following such acquisition, the aggregate market value of all securities and instruments issued by such Entity held by the Trust would exceed 5% of the aggregate value of the Trust Assets, unless (1) such Entity or business enterprise is an asbestos claims processing facility or asbestos data base or (2) such securities or instruments have been acquired as a result of a merger or sale of assets or other business combination of Rutland. The Trust shall not hold any debt securities or other instruments issued by any Entity (other than debt securities or other instruments issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof) to the extent that the aggregate market value of all such securities and instruments issued by such Entity held by the Trust would exceed 5% of the aggregate value of the Trust Assets, unless (1) such Entity or business enterprise is an asbestos claims processing facility or (2) such securities or instruments have been acquired as a result of a merger, sale of assets or other business combination of Rutland.

3.3.7 The Trust shall not acquire nor hold any certificates of deposit unless all publicly held long-term debt securities, if any, of the financial institution issuing the certificate of deposit and the holding company, if any, of which such financial institution is a subsidiary, meet the standards set forth in Section 3.3.2, above.

3.3.8 The Trust shall not acquire nor hold any repurchase obligations unless, in the opinion of the Trustee, they are adequately collateralized.

3.3.9 Notwithstanding the foregoing guidelines, so long as the Trust owns 100% of the equity stock of Rutland the Trust shall have the authority to extend credit to Rutland at prevailing interest rates for similar such credit in the open marketplace; provided that the Trust shall be entitled to make reasonable terms with respect to such matters as repayment, deferral of interest, security for such loans and subordination of such loans to other creditors, all of the foregoing subject to the consent of the TAC.

3.4 Source of Payments. All Trust expenses and payments in respect of Claims and Demands shall be payable solely out of the Trust Assets. Neither the Trustees nor any officer, agent or employee of the Trust nor any member of the TAC, nor the Trustor nor any of its present subsidiaries nor any director, officer, employee or agent of the Settlers or any of their subsidiaries shall be liable for the payment of any Trust expense, Claim, Demand or liability of the Trust except as provided in the Plan, and no Entity shall look to any of the foregoing Entities for satisfaction of any such expense, Claim, Demand or liability; provided, however, that nothing in this Section 3.4 shall limit the right of the Trustees and the Trust to claim against any officer, agent or employee of the Trust, the Trustor, or any officer, director, agent or subsidiary of the Trustor for breach of employment agreement or other breach of duty to the Trust.

ARTICLE IV

THE TRUSTEES

4.1 **Number.** At all times during the continuance of this Trust there shall be at least two Trustees, one of whom shall be resident of the State of Delaware or an entity with trust powers and principal place of business in the State of Delaware; provided, however, in the event the Trust ceases to be a Delaware Trust, then the Trust may thereupon cease to have a Institutional Trustee. The Institutional Trustee and any successor thereto shall have only the powers and duties specified in Section 2.8.1 above. The initial Managing Trustee and Institutional Trustee shall be the persons named in the

signature page hereto. The Managing Trustee shall manage the Trust.

4.2 **Term of Service.**

4.2.1 The Managing Trustee shall serve until his or her death, incapacity, resignation or removal. The Institutional Trustee shall serve until its removal, resignation or dissolution.

4.2.2 The Managing Trustee or Institutional Trustee may resign at any time by written notice to each member of the TAC. Such notice shall specify a date when such resignation shall take effect, which shall not be less than thirty (30) days after the date such notice is given, unless the TAC consents to an earlier date for the effect of a resignation; provided, however, that the resignation of any Institutional Trustee shall not take effect until such time as the appointment and acceptance by a successor Institutional Trustee residing in the State of Delaware or with a principal place of business in the State of Delaware.

4.2.3 Any Managing Trustee or Institutional Trustee may be removed in the event that such Trustee becomes unable to discharge his, her or its duties hereunder due to accident or physical or mental deterioration, or for other good cause, and with respect to the Institutional Trustee also due to its insolvency, revocation of charter or failure to cause the Trust to qualify as a Delaware Business Trust. Good cause as to the Managing Trustee shall be deemed to include, without limitation, a consistent pattern of neglect and failure to perform or participate in performing, the inability for any reason to perform, the negligent performance of, or the willful misconduct in the performance of, the duties of the Trustee hereunder, or repeated nonattendance at scheduled meetings. Such removal shall require the unanimous decision of the TAC. Such removal shall take effect at such time as the TAC shall determine. Notwithstanding the foregoing, the removal of any Institutional Trustee shall not be effective until such time as the appointment and acceptance by a successor Institutional Trustee meeting the requirements of an Institutional Trustee in the State of Incorporation of the Trust.

4.3 **Appointment of Successor Trustee.**

4.3.1 In the event of a vacancy in the position of the Managing Trustee or the Institutional Trustee, the vacancy shall be filled by unanimous vote of the TAC, who shall take into account the relevant provisions hereof. Before a vacancy occurs, the Managing Trustee may appoint a successor with the consent of the TAC. The Institutional Trustee shall not have the authority to appoint a successor. Any successor to the Institutional Trustee may be appointed only with the agreement and consent of the Managing Trustee and the TAC.

4.3.2 Immediately upon the appointment of any successor Managing Trustee or Institutional Trustee, all rights, titles, duties, powers and authority of the predecessor Managing Trustee or Institutional Trustee, as the case may be, shall be vested in and undertaken by the successor Managing Trustee or Institutional Trustee, as the case may be, without further act. No successor Trustee shall be liable personally or otherwise for any act or omission of his, her or its predecessor.

4.4 **Liability of Trustee.** No Managing Trustee, Institutional Trustee, officer, employee, or agent of the Trust shall be liable to the Trust, to any person holding an Asbestos Bodily Injury Claim or Demand or Asbestos Property Damage Claim, or to any other Person except for such Trustee's, officer's, employee's or agent's own breach of trust committed in bad faith, gross negligence, or for willful misconduct or misappropriation or violation of any criminal law or ordinance. No Managing Trustee, Institutional Trustee, officer, employee or agent of the Trust shall be liable for any act or omission of any other Trustee, officer, employee or agent of the Trust, unless the Managing Trustee, Institutional Trustee, officer, employee or agent acted with bad faith, gross negligence, or willful misconduct in the selection or retention of such Trustee, officer, employee or agent.

4.5 **Compensation and Expenses of Trustee.** (i) The Trustee shall receive compensation for his or her services as Trustee in the amount of \$20,000.00 per year for the first three years and then \$15,000.00 per year thereafter. This amount may be increased or decreased after the first five (5) years by the vote of the TAC. The Institutional Trustee shall receive an initial first year fee of \$5,000.00 and thereafter shall receive

compensation for its services in the amount of \$2,500.00 per annum. Such amount shall be adjusted from time to time in accordance with the standard rates charged by the Institutional Trustee for a trust of a similar character and size.

(ii) All properly documented reasonable out-of-pocket costs and expenses incurred by the Trustee or the Institutional Trustee in connection with the performance of his, her or its duties hereunder shall be promptly reimbursed by the Trust. Such expenses shall be reviewed and approved by the TAC on an annual basis. Disallowed expenses, if any, shall be reimbursed to the Trust by the Managing Trustee.

4.6 Indemnification of Trustee, TAC Members and Others.

4.6.1 The Trustees shall be indemnified by the Trust and the Trust is authorized to indemnify its officers, employees, agents and advisors to the fullest extent that a corporation or a business trust organized under Delaware law is from time to time entitled to indemnify its directors against any and all liabilities, expenses, claims, damages or losses incurred by them in the performance of their duties hereunder except for such Trustee's, officer's, employee's or agent's own breach of trust committed in bad faith, gross negligence, or for willful misconduct or misappropriation or violation of any criminal law or ordinance. Additionally, each member of the TAC (collectively, "Additional Indemnitees") who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding of any kind, whether civil, administrative or arbitral, by reason of any act or omission of such Additional Indemnitees with respect to (i) the liquidation of any Claims, (ii) the administration of the Trust and the implementation of the Procedures, (iii) the prosecution of the Causes of Action, (iv) any action provided for in this agreement and (v) because any such person is a member of the TAC, shall be indemnified and defended by the Trust against expenses, costs and fees (including attorneys' fees), judgments, awards, costs, amounts paid in settlement, and liabilities of all kinds incurred by each Additional Indemnitee in connection with or resulting from such action suit, or proceeding, unless there is a final determination of a Court with jurisdiction that such Additional Indemnitee acted other than in good faith and in a manner such Additional Indemnitee reasonably believed to be in, or not opposed to, the best interests of the holders of Claims and Demands.

4.6.2 Reasonable expenses, costs and fees (including attorneys' fees) incurred by or on behalf of a Trustee or Additional Indemnatee in connection with any action, suit, or proceeding, whether civil, administrative or arbitrative from which they are indemnified by the Trust pursuant to this Section 4.6.1 may be paid by the Trust in advance of the final disposition.

4.6.3 The Trustees shall have the power, generally or in specific cases, to cause the Trust to indemnify the employees and agents of the Trust to the same extent as provided in this Section 4.6 with respect to the Trustees.

4.6.4 To the extent any indemnification under Section 4.6.1 of this Agreement with respect to an action, suit, or proceeding requires a determination that indemnification is proper in the circumstances, such determination shall be made by the Trustee or Trustees who were not parties to such action, suit, or proceeding, if at least one such Trustee was or is not a party; otherwise, the determination as to each Trustee will be made by the remaining Trustee or Trustees, regardless of whether or not he, she or they were or are parties.

4.6.5 The Trustee may purchase and maintain reasonable amounts and types of insurance on behalf of any individual who is or was a Trustee, officer, employee, agent or representative of the Trust or Additional Indemnatee against liability asserted against or incurred by such individual in that capacity or arising from his or her status as a Trustee, member of the TAC, officer, employee, agent, professional advisor or representative thereof.

4.7 **Additional Indemnatee's and Trustee's Lien.** Each Additional Indemnatee and each of the Trustees shall have a prior lien upon the Trust Assets to secure the payment of any amounts payable to him, her, it or them pursuant to Article 4, Sections 4.5 and 4.6 above.

4.8 **Trustee's Employment of Advisors.** The Trustee may, but shall not be required to, consult with counsel, accountants, appraisers, other professionals or advisors and other parties deemed by the Trustee to be qualified as experts on the matters submitted to him or her (regardless of whether any such party is an affiliated party of any Trustee or is otherwise affiliated with

any of the Trustees in any manner, except as otherwise expressly provided for in this Trust Agreement) and the advice of any such parties on any matters submitted to them by the Trustee shall be full and complete authorization and protection in respect of any action taken or not taken by the Trustee hereunder in good faith and in accordance with the advice of any such party.

4.9 **Additional Qualifications.**

4.9.1 The Managing Trustee shall at all times be disinterested as defined by 11 U.S.C §§ 327(a) and 101(14).

4.9.2 No Trustee shall own, directly or indirectly, any securities of New Rutland, or any of its affiliates or have any other financial interest, direct or indirect, in New Rutland, or any of its affiliates. The Trustee may serve as Trustee of other Asbestos Trusts and may be employed by consult with or serve as an officer or director of corporations owned by other Asbestos Trusts.

4.9.3 If there has been a violation of Section 4.9.1 or 4.9.2 above, the Managing Trustee or Institutional Trustee involved shall be subject to removal pursuant to Section 4.4 above and shall not be entitled to indemnification for such violation.

4.10 **Trustee's Service as Director and/or Officer of New Rutland.** The Trustee is not prohibited from serving as a director, officer, consultant or employee of Rutland. If the Trustee serves as a director of Rutland, he or she shall not receive compensation for such service over and above the compensation received as a Trustee under Section 4.5, but shall receive a per diem allowance in the amount that Rutland pays its directors for their attendance at meetings. If the Trustee serves as an officer, consultant or employee of Rutland he or she may receive reasonable compensation from Rutland for such services subject to the approval and consent of the TAC.

4.11 **Bond.** Notwithstanding any state law to the contrary, the Trustee (including any successor trustee) shall be exempt from giving any bond or security in any jurisdiction.

ARTICLE V

THE TRUSTEE ADVISORY COMMITTEE

5.1 Duties.

5.1.1 Consultation. The Trustee shall consult with the TAC and the TAC shall advise and assist the Trustee in the implementation of the Trust and the Procedures for administration and distribution of payment of Claims and Demands generally by providing consulting services with respect to material issues affecting the Trust including, but not limited to, implementation of the Claims Resolution Procedures, development of payment rules, forms and procedures, releases, time frames and other matters specified herein and in the Claims Resolution Procedures. (Where consultation is required under the Trust or the Claims Resolution Procedures, the Trustee need only seek the advice and, in specified matters as defined in Section 5.1.2 of this document, the consent of the TAC.)

5.1.2 Consent. The Trustee shall be obligated to obtain the advice and consent of the TAC in writing in order to (1) merge or sell substantially all of the assets of; enter into any other business combination with, or liquidate Rutland; (2) allow or authorize Rutland to acquire any other corporation, business entity, product line or operating division of any business; (3) file or authorize the filing of a bankruptcy petition for Rutland; (4) associate with another claims facility or asbestos data base or become a sub-trust of another trust engaged in the resolution of Asbestos Related Claims and Demands (5) amend any provision of the Trust Agreement 6) defer distribution to claimants pursuant to Section 3.2.3; (7) extend credit from the Trust to New Rutland pursuant to Section 3.3.9; (8) appoint or select a successor Trustee pursuant to 4.3.1; (9) approve reimbursement of expenses of the Trustee pursuant to Section 4.5; (10) authorize and approve the amount of compensation paid to the Trustee by New Rutland for services as an officer or executive of Rutland pursuant to Section 4.10; (11) subject to the limitation in Sections 5.10 and 5.12 amend any provision of the Trust Agreement; (12) effect termination of this Trust pursuant to Sections 6.1.1.1, 6.1.1.2, 6.1.1.3, or 6.1.1.4; (13) authorize and approve the transfer upon termination of the Trust of any remaining assets to a charitable organization pursuant to Section 6.1.2; and (14) act as a trust with respect to any other

corporation, entity or person who has liability for asbestos related injury. The TAC shall not unreasonably withhold its consent.

5.1.3 **Court Approval.** Any proposed action or decision of the Trustee for which the consent of the TAC is required, and, to which the TAC withholds consent, may be taken only upon Court approval, after reasonable notice to each member of the TAC. The legal burden shall be on the Trustee to show that the consent of the TAC was withheld unreasonably. In the event the Trustee seeks such Court approval over the objection of the TAC, the Trust shall pay all reasonable legal fees, costs and expenses of the TAC including but not limited to legal, accounting and other professional and expert fees and expenses.

5.2 **Procedures.** With respect to any matter relating to the Trust as to which the consultation or consent of the TAC is expressly required, the Trust shall:

5.2.1 Provide the TAC reasonable access to the relevant documents, records, reports, experts and advisors retained by the Trust and to the Trust staff during such time as the decision is being considered;

5.2.2 bring the proposed decision to the attention of the TAC; and

5.2.3 provide the TAC with no fewer than thirty (30) days to comment with respect to the proposed decision, unless the TAC agrees to a shorter period.

5.3 **Number; Chairperson.**

5.3.1 At the commencement of the Trust, there shall be three members of the TAC (the "initial TAC Members") who shall serve until the termination of the Trust or his or her death, incapacity, resignation or removal. The Initial TAC Members shall be selected pursuant to the Plan.

5.3.2 There shall be a chairperson of the TAC selected by the Initial TAC Members (the "Chair"). The Chair shall act as the TAC 's liaison, shall coordinate and schedule meetings of the TAC and shall handle all administrative matters that come before the TAC.

5.4 **Term.**

5.4.1 The TAC Members shall serve subject to any member's earliest death, incapacity, removal or resignation.

5.4.2 Any member of the TAC may resign at any time by at least thirty (30) days written notice to each of the remaining members specifying the date when such resignation shall take place.

5.4.3 A member of the TAC may be removed from office by the unanimous vote of the remaining members of the TAC and a determination of the Bankruptcy Court that such removal is appropriate upon cause shown, as defined in Section 4.2.3 above.

5.5 **Successors.** In the event of a vacancy in the membership of the TAC, the vacancy shall be filled by the unanimous vote of the remaining TAC Members.

5.6 **Quorum.** The presence of at least two thirds of the members shall constitute a quorum of the TAC for the transaction of business. In the absence of a quorum, the members present may adjourn the meeting from time to time without notice. In order for the Trustee to obtain consent of the TAC with respect to actions listed in Section 5.1.2 hereof and otherwise specified in this Agreement, the TAC must approve the Trustee's recommendation by a two-thirds vote.

5.7 **TAC's Employment of Advisors.** The TAC may, but shall not be required to, consult with counsel, accountants, appraisers, advisors and other parties on the matters submitted to them. The advice of any such parties on any matters submitted to them by the TAC shall be full and complete authorization and protection in respect of any action taken or not taken by the TAC hereunder in good faith and in accordance with the advice of any such party.

5.8 **Compensation and Expenses of Members of the TAC.** The members of the TAC shall not receive compensation for his or her services except for attendance at TAC meetings at the rate of \$1,000.00 per diem. All properly documented, reasonable out-of-pocket costs and expenses incurred by the TAC members in connection with the performance of their duties hereunder will be promptly reimbursed by the Trust. The TAC members shall not be compensated for more than six (6) meetings in any one calendar year.

5.9 **Liability of the TAC.** No member of the TAC shall be liable to the Trust or to any beneficiary thereof except for such TAC member's own breach of trust committed in bad faith, gross negligence, or for willful misconduct or misappropriation or violation of any criminal law or ordinance. No member of the TAC shall be liable for any act or omission of any other member, advisor, agent or employee of the TAC unless the TAC acted with gross negligence, bad faith or willful misconduct in the selection or retention of such member, advisor, agent or employee. Neither the power granted to the TAC or its members nor the exercise thereof shall cause the TAC members to have or create any inference that they have duties (including fiduciary duties) or liabilities relating thereto to the Trustees, the business Trust or to a beneficial owner thereof.

5.10 **No Abridgement of Rights, Powers, Duties, Indemnification of TAC.** Notwithstanding anything to the contrary, the rights, powers, duties and/or indemnification of the TAC set forth in this Trust may not be modified, amended, altered or abridged in any manner. Nothing in this agreement shall, or shall be construed to, authorize or permit the rights, powers, duties and/or indemnification of the TAC set forth in this Trust to be modified, amended, altered or abridged in any manner. Section 6.2 hereof shall be subject in all respects to this Section 5.10 and to Section 5.12.

5.11 **Irrevocability.** The Trust is irrevocable, but this agreement is subject to amendment as provided herein.

5.12 **Right of Consent of TAC Absolute.** Notwithstanding anything to the contrary in this agreement, the consent of the TAC shall be required and no court may override the right of consent of the TAC or authorize the Trustee to take any action contrary to the consent right of the TAC on any matters covered by Articles 5.1.2 (5), (13) and (14) above.

ARTICLE VI

GENERAL PROVISIONS

6.1 Termination.

6.1.1 The Trust shall terminate on the date (the "Termination Date") that is ninety (90) days after the first occurrence of any of the following:

6.1.1.1 the Managing Trustee in his or her reasonable discretion decides to terminate the Trust because (A) he or she determines it unlikely that new Asbestos Bodily Injury Claims or Demands will be filed against the Trust and (B) all Asbestos Bodily Injury Claims duly filed with the Trust have been liquidated and satisfied and (C) twelve consecutive months have elapsed during which no new Asbestos Bodily Injury Claim has been filed with the Trust;

6.1.1.2 the date on which the Bankruptcy Court Order that approves the arrangements the Trustee has made to establish Claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the Trust in a manner consistent with this Trust Agreement and the Claims Resolution Procedures becomes a Final Order;

6.1.1.3 if in the judgment of the Trustee, the continued administration of the Trust is uneconomic or adverse to the best interests of the persons holding Claims and Demands and the Trustee has obtained an order of the Bankruptcy Court or the District Court that the termination of the Trust will not expose or subject Rutland or any successor in interest to any increased or undue risk of having any Asbestos Bodily Injury Claims and Demands asserted against it or them or in any way jeopardize the validity or enforceability of the Permanent Channeling Injunction;

6.1.1.4 Three years following the resolution of the last Claim filed; or

6.1.1.5 21 years less 91 days after the death of the last survivor of all the descendants of Joseph P. Kennedy, Sr. of Massachusetts living on the date hereof.

6.1.2 On the Termination Date, after payment of all the Trust's liabilities has been provided for, all funds remaining in the Trust estate shall be transferred to charitable organizations(s) described in Section 501(c)(3) and 170(b) of the Internal Revenue Code (or the applicable successor provisions of any subsequently enacted federal income tax laws) selected by the Trustee and the TAC using their reasonable discretion; provided, however, that (i) if practicable, the charitable organization(s) shall be related to the treatment, research, or the relief of individuals suffering from asbestos disorders, and (ii) the tax-exempt organization(s) shall not bear any relationship to Rutland, the Trustees or the members of the TAC.

6.1.3 As soon as practicable after the Termination Date, the Trustee shall (i) certify to the Bankruptcy Court that all conditions precedent to the Termination Date have been satisfied and (ii) file a final accounting and serve a copy on the TAC and the Trustor. Thereupon, the Trust shall be dissolved and the Trustee(s) and the TAC discharged.

6.2 **Amendments.** This Trust Agreement may be amended, modified and/or supplemented by unanimous vote of the Trustees only with the consent of the TAC.

6.3 **Cooperation.** Rutland shall cooperate to the extent reasonably requested by the Trust in the handling of Claims and Demands and generally in the operation of the Trust for the purposes set forth herein. Rutland shall transfer to the Trust such claim files and other documents related to the Bodily Injury Claims and Asbestos Property Damage Claims as are under its custody and control, and shall use its best efforts to make available its present or former officers, directors, employees, agents or representatives to the extent the Trust deems such persons necessary to appear at any trial or arbitration proceeding related to the liquidation of the Claims and Demands. To the extent the valuation of any assets of the Trust are necessary for the tax returns of Rutland, (a) the Trust shall provide Rutland with such valuation and (b) Rutland shall use such valuation in its tax returns.

6.4 **Severability**. At the Managing Trustee's sole discretion, unless otherwise determined by a court of competent jurisdiction, any provision of the Asbestos Trust that is prohibited, unenforceable, or invalid shall, as to any jurisdiction in which such provision is prohibited, unenforceable, or invalidated, be ineffective to the extent of such prohibition, unenforceability, or invalidation without invalidating the remaining provisions of the Asbestos Trust or affecting the validity or enforceability of such provision in any other jurisdiction.

6.5 **Applicable Law**. This Trust Agreement shall be interpreted under the laws of the State of Delaware.

6.6 **Notices**. Notices to Claimants shall be given at the address of such claimants, or, where applicable, such claimants' Attorney of Record, in each case as provided on such claimant Claim forms. Any notices or other communications required or permitted hereunder shall be in writing and delivered at the addresses designated below, or sent by telex or telecopy pursuant to the instructions listed below, or mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows, or to such other addresses as may be hereafter be furnished by Rutland to the Trustee and the TAC or by the Trustee and the TAC to Rutland in compliance with the terms hereof.

To the Trust or the Trustee:

Rutland Fire Clay Company Asbestos Trust
c/o Judy Gilchrist
PO Box 510
Leeds, AL 35094

To the Institutional Trustee:

Wilmington Trust Company
1100 North Market Street
Wilmington, DE 19890
Attn: _____

To Rutland:

Raymond J. Obuchowski, Esq.
P.O. Box 60
Bethel, VT 05032

To the TAC:

Nancy Worth Davis, Esq.
Ness, Motley, Loadholt Richardson & Poole
P.O. Box 1792
Mount Pleasant, S.C. 29465

Mary Skelnik, Esq.
Baron & Budd
3102 Oaklawn
Suite 1100
Dallas, TX 75219

Sanders McNew, Esq.
Weitz & Luxenberg, P.C.
180 Maiden Lane
New York, NY 10038

All such notices and communications shall be effective when delivered at the designated addresses or when the telex or telecopy communication is received at the designated addresses and confirmed by the recipient by return telex or telecopier in conformity with the provisions hereof.

6.7 **Counterparts.** This Trust Agreement may be executed in any number of counterparts, each of which shall constitute an original, but such counterparts shall together constitute but one and the same instrument.

6.8 **Successors and Assigns.** The provisions of this Trust Agreement shall be binding upon and inure to the benefit of the Settlers, the Trust, the Trustee and the TAC and their respective successors and assigns, except that neither the Settlers nor the Trust, nor any Trustee, nor any member of the TAC may assign or otherwise transfer any of its or his or her rights or obligations

under this Trust Agreement except as provided for in this Trust Agreement.

6.9 **Entire Agreement; No Waiver.** The entire agreement of the parties relating to the subject matter of this Trust Agreement is contained herein, and this Trust Agreement supersedes any prior oral or written agreements concerning the subject matter hereof. No failure to exercise or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any further exercise thereof of any other right, power or privilege. The rights and remedies herein provided are cumulative and are not exclusive of rights under law or in equity.

6.10 **Headings.** The headings used in this Trust Agreement are inserted for convenience only and neither constitutes a portion of this Trust Agreement nor in any manner affect the construction of the provisions of this Trust Agreement.

6.11 **Dispute Resolution** Any dispute, which arises under this Agreement, with respect to interpretation and implementation, shall be resolved by the Delaware Court in and for New Castle County, Delaware, subject to any jurisdiction retained by the Bankruptcy Court.

6.12 **Legal Title to Trust Property.** The beneficiaries of the Trust shall not have legal title to any part of the Trust corpus and shall only have an undivided beneficial interest therein. No transfer, by operation of law or otherwise, of any right, title and interest of any beneficiary hereunder to their undivided beneficial interest in Trust corpus hereunder shall operate to terminate this Trust Agreement or any trust created hereunder or entitle any successor transferee to an accounting or to the transfer to it of legal title to any part of the Trust corpus.

6.13 **Limitations on Rights of Others.** Nothing in this Trust Agreement, whether express or implied, shall be construed to give to any Person, other than the Trustees and the beneficiaries hereunder, any legal or equitable right, remedy or claim in the Trust or under or in respect of this Trust Agreement or any covenants, conditions or provisions contained herein.

IN WITNESS WHEREOF, the Settlers has caused this Trust Agreement to be executed by a duly authorized officer of the Settlers and attested by another duly authorized officer of the Settlers. The Trustees have each executed this Trust Agreement, all as of the day and year first above written.

RUTLAND FIRE CLAY COMPANY

Thomas Martin, President

RUTLAND INC.

Thomas Martin, President

RUTLAND FIRE CLAY COMPANY
ASBESTOS TRUST

Sylvester F. Miniter, III
Managing Trustee

WILMINGTON TRUST COMPANY,
as Institutional Trustee

By: Vice President

Exhibit 3
Asbestos Bodily Injury Claims Resolution Procedures

UNITED STATES BANKRUPTCY COURT

DISTRICT OF VERMONT

IN RE:	}	
RUTLAND FIRE CLAY COMPANY,	}	
d/b/a Rutland Products	}	Case No. 99-11390-cab
RUTLAND, INC.	}	Case No. 99-11391-cab
d/b/a Rutland Products	}	
d/b/a Rutland Inc. of Illinois	}	
	}	
Debtors in Possession.	}	
	}	

EXHIBIT 3

**ASBESTOS BODILY INJURY CLAIMS
RESOLUTION PROCEDURES**

Dated: _____, 2000

ASBESTOS BODILY INJURY CLAIMS RESOLUTION PROCEDURES

INTRODUCTION

These Asbestos Bodily Injury Claims Resolution Procedures (“the Claims Procedures”) have been prepared in connection with the Plan of Reorganization (the “Plan”), under Chapter 11 of the United States Bankruptcy Code, for Rutland Fire Clay Company and Rutland, Inc. (Collectively, “Rutland”) and the Creditors Trust Agreement (the “Creditors Trust”) adopted pursuant to such Plan. The Plan was filed in the United States Bankruptcy Court for the District of Vermont and styled Rutland Fire Clay Company, et al., Case No. 99-11390-cab, et. al.

The Claims Procedures provide for processing, liquidating, paying and satisfying, absolutely and finally, all valid Asbestos Bodily Injury Claims and Demands and all Asbestos In Building Damage Claims and Demands as provided in and required by the Plan and Trust Agreement. The Trustee¹ of the Trust shall implement and administer these Claims Procedures in accordance with the Trust Agreement.

Pursuant to the Plan, a Creditors Trust is established which, among other things, will administer and resolve Asbestos Bodily Injury Claims against Rutland. The Managing Trustee of the Creditors Trust is responsible to perform his duties in accordance with the Asbestos Trust and to implement these Procedures.

Rutland manufactured, made and sold a variety of asbestos containing products since the 1920's which included the following: (a) asbestos cement or boiler covering, (b) wallboard joint cement (c) No-Tar-In, (d) Roofing Cement No. 4, (e) Roofing Cement No. 7, (f) Aluminum asphalt coating or mobile home coating, (g) refractory cement, (h) stove lining and (k) Kwik-Kote, all of which contained asbestos chrysotile.

¹Trustee shall refer to the Individual Trustee in the Creditors Trust Agreement.

ARTICLE I

Definitions

Unless the context otherwise requires, the following terms shall have the following meanings when used in initially capitalized form in these Claims Procedures (as hereinafter defined). Such meanings shall be equally applicable to both the singular and plural forms of such terms. Any term used in capitalized form that is not defined in these Claims Procedures but that is defined in the Plan or the Trust Agreement, shall have the meaning ascribed to such term in those documents.

1.1. "Asbestos" shall mean and refer to chrysotile, amosite, crocidolite, tremolite asbestos, anthophyllite asbestos, actinolite asbestos, and any of these minerals that have been chemically treated and/or altered.

1.2 "Asbestos Bodily Injury Claim" means (a) any claim or demand (including, but not limited to, any Claim or Demand) whenever and wherever arising or asserted (including, but not limited to, any claim or demand of an Unknown Asbestos Bodily Injury Claimant) against the Debtor, its successors or subsidiaries, or its present, former or future officers, directors, stockholders or employees and (b) any debt, obligation or liability (whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured), whenever and wherever arising or asserted, of the Debtor, its successors or subsidiaries, or its present, former or future officers, directors, stockholders or employees (including, but not limited to, all thereof in the nature of or sounding in tort, contract, warranty, or any other theory of law, equity or admiralty); in either case (a) or (b) for, relating to, or arising by reason by directly or indirectly, physical, emotional, bodily or other personal injury or damages (whether or not diagnosable before the Confirmation of this Plan or the close of the Reorganization Cases) caused or allegedly caused, in whole or in part, directly or indirectly, by Asbestos-containing products that were manufactured, sold, supplied, produced, distributed or in any way marketed by the Debtor, whether or not arising or allegedly arising, directly or indirectly, from acts or omissions of the Debtor, its predecessors or subsidiaries, or its present, former, or future officers, directors, stockholders or employees, or another Person or Governmental Unit for or with which the Debtor or its successors is or may be liable, including, but not limited to, any claim, demand, debt, obligation or liability for compensatory or other damages (including, but not limited to, loss of consortium, proximate, consequential, general and special damages), punitive damages, reimbursement, indemnity, warranty, contribution or subrogation. The foregoing claims, demands, debts, obligations and liabilities include, but are not limited to, claims that may or may not presently constitute "claims" within the meaning of Section 101(5) of the Bankruptcy Code and demands that may or may not constitute "demands" within the meaning of Section 524(g)(5) of the Bankruptcy Code.

1.3 "Bankruptcy Code" shall mean title 11 of the United States Code, as now in effect or as amended.

1.4 "Bankruptcy Court" shall mean the United States Bankruptcy Court for the District of Vermont, Southern Division, or such other court having jurisdiction over the Chapter 11 Case

1.5 "Business Day" shall mean any day other than a Saturday Sunday or a legal holiday as defined in Bankruptcy Rule 9006(a).

1.6 "Confirmation Order" shall mean the order of the Bankruptcy Court confirming the Plan in accordance with Chapter 11 of the Bankruptcy Code.

1.7 "Demand" means a demand for payment, present or future, that (a) was not a claim during the proceedings leading to the confirmation of this Plan, (b) arises out of the same or similar conduct or events that gave rise to Asbestos Claims and (c) pursuant to this Plan, is to be paid by the Asbestos Trust.

1.8 "Effective Date" shall mean the first (1st) Business Day following the date upon which the Confirmation Order becomes a Final Order, subject to the provisions of Article X, Section 11.2, of the Debtor's Plan of Reorganization.

1.9 "Final Order" shall mean (i) an order of the Bankruptcy Court as to which the time to appeal, petition for *certiorari*, or move for reargument or rehearing has expired and as to which no appeal, petition for *certiorari*, or other proceedings for reargument or rehearing shall then be pending or as to which any right to appeal, petition for *certiorari*, reargue, or rehearing shall have been waived in writing, in form and substance satisfactory to Proponent or, (ii) in the event that an appeal, writ of *certiorari*, reargument, or rehearing thereof has been sought, such order of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or *certiorari* has been denied, or from which reargument or rehearing was sought, and the time to take any further appeal, petition for *certiorari* or move for reargument or rehearing shall have expired; provided, that no order shall fail to be a Final Order solely because of the possibility that a motion pursuant to Rule 60 of the Federal Rules of Civil Procedure, as made applicable by Rule 9024 of the Bankruptcy Rules, may be filed with respect to such order.

1.10 "Fixed Payment Amount" shall mean the amount paid to each claimant in full satisfaction of their claims and demands against Rutland, as determined by the Trustee and the TAC.

1.11 "Person" shall mean a person as described in 11 U.S.C. § 101(41).

1.12 "Petition Date" shall mean the date on which the voluntary petition was

filed by the Debtor commencing the Chapter 11 Case; to wit; November 18, 1996.

1.13 "Reasonable Evidence" shall mean and refer to evidence sufficient to present jury issue under the tort system of one of the Applicable Jurisdictions.

1.14 "Reorganized Debtor" shall mean the Debtors as they may exist immediately after the Confirmation Date.

ARTICLE 2

PURPOSE AND INTERPRETATION

2.1 Purpose. The Claims Procedures are adopted pursuant to the Trust Agreement. They are designed to provide prompt payment to valid Asbestos Bodily Injury Claims and provide reasonable assurance that the Trust will value and be in a financial position to pay present Asbestos Bodily Injury Claims and Future Asbestos Bodily Injury Demands in a substantially similar manner.

2.2 Interpretation. Nothing in these Claims Procedures shall be deemed to create a substantive right for any Claimant. The Claims Procedures are procedural only and may be amended, deleted, or added to pursuant to the terms of the Trust Agreement and these Claims Procedures.

2.3 Overview. The process for determining the validity of and the amount to be offered for each Bodily Injury Claim and whether a Claim meets the criteria for payment established by the Trust will be established in these Asbestos Bodily Injury Claims Resolution Procedures.

In general, each claimant who the Trust determines meets the criteria for payment will be offered the established Fixed Payment Amount.

If the claimant rejects the Trust's offer of the Fixed Payment Amount, the claimant may elect to have the validity and amount of his or her Claim determined by the tort system; valid Contribution and Indemnity Claims also will be resolved in a manner provided for in these Asbestos Claims Procedures; provided, however, that the Trust's obligation to defend or pay any such claims resolved by the tort system shall in all respects be subject to the Creditors Trust and these Asbestos Bodily Injury Claims Resolution Procedures.

No claimant shall be entitled to any payment from the Trust in excess of the Fixed Payment Amount in effect at the time the Claim is submitted for payment. If monies become available in the Trust that would provide each claimant in excess of \$500.00 the Trustee, at his or her discretion may disburse an amount greater than the Fixed Payment Amount of all claims after appropriate amendment of these procedures.

ARTICLE 3

ESTIMATION OF CLAIM AMOUNTS

3.1 General. The Trust will pay holders of Claims of asbestos related diseases caused by Rutland products, from the Trust Assets only, the Fixed Payment Amount (the “Payment”) as determined by the Trustee and approved by the TAC pursuant to this Section III, in full satisfaction of each Claim and consistent with the objectives of paying holders of similar Claims and Demands in a substantially similar manner..

3.2 Initial Determination of Fixed Payment Amount. There is substantial uncertainty regarding Rutland’s total liability to present and future Rutland Bodily Injury claimants, uncertainty of the total value of the Trust’s assets, whether those assets will be sufficient to pay all Bodily Injury Claims, and the uncertainty of when any such assets will be available. Prior to making any distributions to claimants the Trust must, consistent with Sections 3.2.1.2 and 3.2.4 of the Trust Agreement, make a determination of the aggregate value of present and foreseeable future asbestos claims, of the cash available for distributions, and of such other factors necessary to determine the Fixed Payment Amount of each claim that the Trust can afford to pay to holders of Bodily Injury Claims. Subject to Sections 3.2 and 3.3 below, the Trust shall pay the Fixed Payment Amount of each claim allowed under these procedures.

3.3 Adjustment of Fixed Payment Amount.

3.3.1 In light of the expected limited assets of the Trust, the projected number of claims, and the cost and expense of administering the Claims Procedures, the Trustee shall establish a Fixed Payment Amount for Claims and may pay all claims equal Fixed Payment amounts. Consistent with the Trust Agreement, and subject to Section 3.2.3 below, the Trust may evaluate and change the Fixed Payment Amount. Any such evaluation shall be performed in a flexible and pragmatic manner that takes into account the relevant circumstances, including the practical limitations imposed by the inability to predict with precision the future assets and liabilities of the Trust, the costs involved in preparing such evaluations, and any other factors the Trust considers relevant. Any such adjustments shall also take into consideration the projected number of demands.

3.3.2 In the event the Trust, after any periodic re-evaluation under Section 3.2.1.2 of the Trust Agreement, determines that the Fixed Payment Amount should be changed either by increasing or decreasing the amount, such change shall be applied to all unpaid present claimants and all Demands. The Trust shall not attempt to recover from any paid claimant or claimant’s representative the difference between the amount paid to the claimant and the then prevailing Fixed Payment Amount, and no paid claimant or claimant’s representative will have any obligation to return to the Trust any such differential. In the event the Fixed Payment Amount is increased, the Trust shall not be required to equalize payments to claimants who have already been paid unless in the discretion of the Managing Trustee and in light of the complexity and costs of doing so, it is reasonable and practicable to equalize the prior payments with the increased Fixed

Payment Amount.

3.3.3 The Trust shall consult with the TAC concerning any proposal for adjusting the Fixed Payment Amount and shall supply the results of any analysis performed by or on behalf of the Trust or by consultants or other professionals. The proposed adjustment shall take effect unless affirmatively objected to by the TAC within forty-five (45) days after notice of the adjustment has been provided to all TAC members. In case of such affirmative objection, such action would require the concurrence by two of the three members, or if less than three members, by a majority..

3.4 Periodic Reporting Requirement. The Trustee shall be required to report to the TAC the financial condition of the Trust, number of claims paid, number of claims filed, number of unpaid claims and such other information as the TAC from time to time may require (i) quarterly during the first three years of the Trust, (ii) semi-annually during the fourth through fifth years and (iii) annually for the remaining duration of the Trust.

3.5 Access to Financial Information. Subject to entry into an appropriate confidentiality agreement where applicable, the Trust shall make available to the TAC any investment banking or other financial, accounting or statistical information available to the Trust upon the request of any member of the TAC.

3.6 Amendments to Procedures Involving the Fixed Payment Amount. The procedures set forth herein governing the Fixed Payment Amount may be amended, altered, or adjusted with the consent of the TAC to reflect the changed circumstances, greater information, and/or improved procedures by the Trust; provided, however, that no amendment to these Asbestos Claims Procedures shall be inconsistent with the provisions of Sections 3.2 and 3.4 of the Trust Agreement.

3.7 Abandonment of the Fixed Payment Amount Procedure. If at any time in the future, the Trustee determines that sufficient funds are available to pay each claimant a Fixed Payment Amount greater than \$500.00, the Trustee may with the advice and consent of the TAC, establish a *pro rata* payment schedule based on asbestos disease categories, to be established by the Trustee and the TAC at the time this contingency occurs, and may amend the Asbestos Bodily Injury Claims Procedures accordingly, with TAC approval.

ARTICLE 4

Intentionally Omitted

ARTICLE 5

CLAIMS PROCESSING, MONITORING AND VERIFYING

5.1 **Claims Materials.** As soon as reasonably practicable but not later than twenty-four (24) months after the Confirmation of the Plan, the Trust shall make materials necessary to file claims with the Trust (“Claims Materials”) available to each person with a Bodily Injury Claim who (a) has a pending lawsuit against Rutland, as of the Petition Date; (b) filed a proof of claim with the Court, or (c) has otherwise been identified to the Trust as holding a Rutland Bodily Injury Claim and to each attorney who has been identified by the TAC as representing clients having asbestos bodily injury claims. The Trust shall make the Claims Materials available to any person holding a Rutland Bodily Injury Claim who identifies his or herself in writing to the Trust, as soon as practicable under the circumstances following such identification. The Trust may make the Claims Materials available to a claimant in care of an attorney representing the claimant. The Trust shall, to the extent practical, make Claims Materials available in electronic or data base form. The Trust shall place a notice in an appropriate trade publication, such as *Mealeys Asbestos Report* or *Andrews Publication*, that Claims Materials are available.

5.2 **Claims Information.** The Claims Materials will include a copy of instructions, and a claim form. To the extent feasible, the claim forms used by the Trust shall not require more than the minimum limited information necessary to process a claim including but not limited to: the claimant’s first, middle and last name; social security number; address, including zip code; and phone number. The Trustee at his discretion may supplement such claims information with information obtained from electronic data bases maintained by any other claims resolution facility.

5.3 **Claims Filing.** The Trust may require that the filing by any entity of more than ten (10) claims at one time be filed electronically or in data bases only. The Trust may impose a charge for the filing on paper of more than ten (10) claims. To the extent possible the Trust shall require claims be filed electronically or in data bases. For purposes of Claims Filing, electronic filing shall mean the filing of documents through e-mail or computer filing, and data bases shall mean that all claims be filed in a form that complies with the information that is required under these claims procedures.

5.4 **Order of Claims.** Claims will be processed in the order in which they are received. Payment shall be in the order in which the claims are processed and approved. If at any time the Trust has insufficient funds available to pay any Claim or Demand, the Trust may suspend payment until such time as the Trust has additional monies. No Claim or Demand shall be preferred over any other for purposes of payment, unless otherwise specified herein. Pursuant to the provisions of Sections 5.7.1 below, a claimant may be treated by the Trust, as having established an asbestos injury if the claimant has received an offer of payment from another asbestos claims resolution facility, provided such other asbestos claims resolution facility was previously consented to by the TAC for this purpose.

5.5.1 Time to File Claims. The Claims Materials shall have a notice of a period in which to file claims (the “Open Period”). The Trustee, at his or her discretion, may direct the Trust to return claims which are not filed within the Open Period, and may at his or her discretion direct that such late filed claims not be considered by the Trust until the next Open Period. The Trustee need not open the trust process for presentment of claims more frequently than once bi-annually.

5.5.2 Omitted

5.6 Incomplete Information. Incomplete or inaccurate claim forms received during an “Open Period” will be, at the discretion of the Trustee, removed from the then current claims cycle payment process. Claimant will not receive payment during the current claims cycle. The Trust will notify the Claimant of removal from the payment cycle and request that the Claimant provide a new fully completed and accurate claims form for submission during the next Open Period for payment in the next claims cycle. Failure to provide a fully completed and accurate claims form during the next “Open Period” will result in an automatic disallowance of the Claim.

5.7 Evidence of Injury.

5.7.1 Affidavit of Payment for Asbestos Injury. Each claim shall be accompanied by a notarized affidavit of claimant or claimant’s counsel, if any, attesting to the fact that claimant has received compensation from an asbestos claims facility or trust approved by the TAC (an “Affidavit of Injury”).

5.7.2 If no Affidavit of Injury is produced pursuant to Section 5.7.1, the Trust shall require the submission of x-rays, laboratory tests, medical examinations or reviews, other medical evidence or any other Reasonable Evidence that shows that the claimant has suffered an injury resulting from exposure to Rutland asbestos. A claimant may, but not need, supplement this information with more current medical evidence. In addition to the data required above, the Trust, after consultation with the TAC, may require that additional evidence be provided or may waive the requirement for further medical evidence entirely.

5.7.2.1 Proof of Validity Under Applicable Law. Where no Affidavit of Injury is filed, the Trust may require such additional evidence of injury, if any, under applicable substantive law as the Trustee in the exercise of his or her discretion may determine is appropriate to balance the goal of paying only valid claims with the goal of preventing the excessive expenditure on claim processing.

5.7.2.2 Modification of Evidentiary Requirements. The Trustee may from time to time review the nature of the documentation and other evidence the Trust will require to establish a Claim, and in the exercise of his or her discretion may modify such requirements to the extent he deems advances in medical knowledge, change

in claim filing patterns, or the goal of preventing excessive expenditure on claims handling make such modification appropriate with the advice and consent of the TAC.

5.7.2.3 Other Data Banks. In lieu of actually receiving the medical and exposure evidence discussed in 5.7.2 above, the Trustee may, subject to the provisions of Section 2.1.3.7 of the Trust Agreement, utilize the data bank of any other asbestos claims resolution facility or settlement facility, provided the decision to use the claims' information from such other claims resolution or settlement facility has received the prior consent of the TAC. To minimize costs, this procedure shall be utilized whenever possible to verify a Claim where no affidavit of payment for asbestos injury is provided.

5.7.3 Proof of Exposure. In light of the limited resources of the Rutland Trust and the cost and expense of processing claims, the Trust may, with the advice and consent of the TAC, make certain assumptions about exposure to Rutland Products based upon the known geographic distribution of the product ("Rutland Distribution Grid"). For all claims received from claimants in states within any such Rutland's Distribution Grid, the Rutland Trust may assume exposure to Rutland Asbestos Products.

5.7.3.1 Claimants outside the Rutland Distribution Grid may provide proof of Rutland exposure through sworn affidavit to the fact of Rutland exposure.

5.7.3.2 If no affidavit of exposure is produced, the Trust shall require further information concerning exposure and shall apply presumptions based upon job site, occupation, dates of employment, and other factors as the Trustee in his discretion may from time to time determine are appropriate to balance the goal of paying only claimants exposed to Rutland asbestos-containing products.

5.7.4 Statistical Sampling. The goal of preventing excessive expenditure on claim processing balanced with the goal of paying only claimants' affected by Rutland products shall be achieved by the Trustee through the use of standard statistical sampling techniques that will determine the validity of payments for claims not accompanied by proper affidavits as described in section 5.7.1, submitted by both law firms and individuals. Any such requirements and presumptions should be calculated to yield findings with respect to exposure and injury that would be permissible under the Federal Rules of Evidence. For this purpose, the Trust may require further evidence of exposure and injury.

5.7.5 If after reviewing the Claim submitted, the Trust determines that the Claim meets the Trust's criteria, the Trust shall tender payment in the amount of the established Fixed Payment Amount. Deposit of the payment check shall constitute a release of the Trust of any and all liability without further execution of any documents.

5.7.6 If the claimant does not deposit the check within three (3) months, unless that time is extended by the Trust, the check shall be canceled and all claims of that claimant will be deemed to be satisfied. The failure to deposit the check shall also constitute a release of all claims against Rutland and the Rutland Trust. A claimant may also elect to

withdraw a Claim at any time.

5.7.7 If the Trust determines that a Claim does not meet Trust criteria for payment, it must so notify the claimant and, the claimant may dispute such determination. Upon receipt of written advice from the claimant of such a dispute, coupled with the claimant's written statement of the basis for the dispute and any supporting documentation within such time period established by the Trust and communicated to the claimant, the Trust shall reevaluate the claim in light of all then available documentation and advise the claimant of its reevaluation. If on the reevaluation the Trust determines that the Claim qualifies for payment, the Trust shall tender a check for the Fixed Payment Amount.

5.8 Audit Procedures. Audit procedures shall not be employed with respect to a specific claim but only to general claims filing problems; except pursuant Section 5.7.2 above.

5.9 Litigation. Only claimants who reject the Trust's Fixed Payment Amount pursuant to Sections 3.2 and 3.3 above retain the right to commence or continue an action through trial against the Trust to determine the validity and the liquidated value, if any, of their Claims or Demands. The Trust may, but will not be required to appear in any action brought by a claimant against the Trust nor shall the Trust be subject to party discovery or levy and execution on any judgment. No punitive damage claim may be asserted against the Trust and pursuant to the Plan of Reorganization and Confirmation Order the Trust shall not pay any punitive damage claims awarded to a claimant. A judgment creditor shall not be eligible for payment from the Rutland Trust until all claimants and all Demands have been paid 100% of the tort system value of their claims.

5.10 Payment of Claims and Resolution of Disputed Claims. If a claim meets the criteria for payment of Claims, the Trust will pay the established Fixed Payment Amount in accordance with the provisions of these procedures. Any claim that is disputed will be paid at the discretion of the Trustee in accordance with the provisions in these procedures.

ARTICLE 6

6.1 Creation of Three Funds. The Trust shall establish three separate funds for the payment of Claims asserted against the Trust, to be designated Fund A, fund B and Fund C.

6.1.1 Fund A. Fund A will pay the established Fixed Payment Amount of the Bodily Injury Claimants. All monies paid into Fund A will be paid to Bodily Injury Claimants. Bodily Injury Claimants may choose to contribute their payment to an appropriate charity, by not cashing their check. Fund A will be funded with periodic deposits at the time payment is issued and upon the passage of 90 days thereafter, the Rutland Trust may close such account and treat all checks that have not been deposited as an election by the claimant under Section 5.7.6. Any monies remaining in Fund A during a periodic distribution, as a result of the non-negotiated checks that were paid to Claimants, will then be irrevocably transferred to Fund C and distributed pursuant thereto..

6.1.2 Fund B. Fund B will pay Asbestos Property Damage Expenses, and shall be funded solely from insurance proceeds.

6.1.3 Fund C. If and when all claimants due to receive money from Fund A have been paid during any Claims Period, the balance remaining in Fund A will be deposited into Fund C to be donated periodically to one or more charitable organizations or entities designated by the Trust with the approval of the TAC.

ARTICLE 7

7.1 Dismissal of Lawsuits. In order to conserve the assets of the Trust, holders of Claims and Demands, and when Demands become cognizable claims, are enjoined from filing future litigation against Rutland, or the Trust, may not proceed in any manner against the Trust or Rutland in any state or federal court, and are required to pursue their claims against the Trust solely as provided in these Asbestos Claims Procedures; provided, however, in the event a holder of any such claim, or a holder of a Demand within 180 days after such Demand becomes a cognizable claim under applicable law, gives written notice of rejection pursuant to the Plan, Section ____ and of these Procedures and election to proceed with litigation pursuant to Section 5.9 hereof to the Trust at c/o F. Sylvester Miniter, III, Managing Trustee, 144 Broomsedge Lane, Kiawah Island, South Carolina 29455

7.2 No Requirement to Appear. Except as provided herein, the Trust shall not be required to enter an appearance in any court as to any claim, nor shall it be subject to discovery or to default judgment or levy and execution on any judgment and under no circumstances shall the Trust be required to pay claims, whether for asbestos-related conditions or for contribution or indemnification, except in accordance with these Asbestos Bodily Injury Claims Resolution Procedures.

7.3 Litigation between Trust Beneficiaries.

7.3.1 Right to Introduce Evidence. In any litigation between Asbestos Bodily Injury Claimants and other asbestos manufacturers, all parties retain their respective rights provided by applicable law in state or federal courts in the appropriate jurisdiction.

7.3.2 Third-party claims may be asserted against the Trust for the sole purpose of listing the trust on a verdict form in those jurisdictions where such procedures apply.

7.4 Contribution and Indemnity Claims.

(a) Right to Pursue Contribution and Indemnity Claims Retained. Co-defendants shall have the right to pursue contribution and indemnity only where (1) allowed by applicable local law and (2) no set-off credit is allowed by applicable local law. The Co-defendant shall not be eligible to assert a contribution or indemnity claim until it has paid the entire amount due to the claimant.

(b) Processing, Valuation and Payment of Contribution Claims. The Trust may establish forms for filing Contribution and Indemnity Claims. Contribution and Indemnity Claims made to the Trust may in the discretion of the Managing Trustee be processed in order of their receipt by the Trust, without reference to any list established for Claims of Asbestos Personal Injury Claimants. Contribution and Indemnity Claimants shall be paid the Fixed Payment Amount for each claim paid prior to the Petition Date with respect to which such Claimant for contribution or indemnity is entitled to contribution or indemnity and shall be paid with respect to claims and Demands paid pursuant to these Procedures only

on or after payment to the holder of any Claim or Demand paid under these Procedures and only to the extent such Claimant is entitled to contribution or indemnity under applicable law.

ARTICLE 8
Trust Decisions Final

All decisions made by the Trust with respect to determining Fixed Payment Amount, order of payment, amount and timing of payment, and any other matters covered by these Asbestos Claims Procedures shall be final and binding, and not subject to review.

ARTICLE 9

MISCELLANEOUS

9.1 **Amendments.** The Trustee may amend, modify, delete, or add to any of these Claims Procedures (including without limitation, amendments to conform these procedures to advances in scientific or medical knowledge or other changes in circumstances) provided he first consult with and obtain the consent of the TAC. Notwithstanding anything contained herein to the contrary, these Claims Procedures shall be modified or amended in any way that would jeopardize the validity or enforceability of the Permanent Channeling Injunction.

9.2 **Severability.** Should any provision contained in the Claims Procedures be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of the Claims Procedures.

9.3 **Governing Law.** The Claims Procedures shall be governed by and construed in accordance with, the laws of the State of Delaware.

9.5 **Attorneys' Fees.** Attorneys' fees payable in connection with Trust Claims liquidated and paid through these Asbestos Claims Procedures where calculated as a percentage of recovery, shall be the lower of the fee provided in the contract between claimant and counsel or 25%, exclusive of costs chargeable to the claimant. The recovery shall be measured by the actual payments from the Trust to the claimant.

9.6 **Trust Not to be Treated as Bankrupt.** From and after the Effective Date, and for procedural purposes only, under no circumstances (other than the commencement by the Trust of formal bankruptcy proceedings) shall the Trust be treated as a bankrupt or insolvent defendant, nor shall the Trust be considered a Person who cannot be made a party for lack of personal jurisdiction. Notwithstanding anything to the contrary herein, nothing in these Claims Procedures shall affect the Injunction(s) under the Plan.

Exhibit 4
Asbestos In Buildings Claims Resolution Procedures

UNITED STATES BANKRUPTCY COURT

DISTRICT OF VERMONT

IN RE:	}	
RUTLAND FIRE CLAY COMPANY,	}	
d/b/a Rutland Products	}	Case No. 99-11390-cab
RUTLAND, INC.	}	Case No. 99-11391-cab
d/b/a Rutland Products	}	<i>Jointly Administered</i>
d/b/a Rutland Inc. of Illinois	}	Chapter 11 proceeding
	}	
Debtors in Possession.	}	

EXHIBIT 4

**RUTLAND FIRE CLAY COMPANY AND RUTLAND INC.
ASBESTOS IN BUILDINGS CLAIMS RESOLUTION PROCEDURES**

ARTICLE I

INTRODUCTION

These Asbestos In Buildings Claims Resolution Procedures (“the Claims Procedures”) have been prepared in connection with the Plan of Reorganization (the “Plan”), under Chapter 11 of the United States Bankruptcy Code, for Rutland Fire Clay Company and Rutland, Inc. (Collectively, “Rutland”) and the Asbestos Trust Agreement (the “Asbestos Trust”) adopted pursuant to such Plan. The Plan was filed in the United States Bankruptcy Court for the District of Vermont and styled Rutland Fire Clay Company, et al., Case No. 99-11390-cab, et. al.

The Claims Procedures provide for processing, liquidating, paying and satisfying, absolutely and finally, all valid Asbestos In Building Damage Claims and Demands as provided in and required by the Plan and Trust Agreement. The Trustee¹ of the Trust shall implement and administer these Claims Procedures in accordance with the Trust Agreement.

Pursuant to the Plan, a Asbestos Trust is established which, among other things, will administer and resolve Asbestos Bodily Injury Claims and Demands and Asbestos In Building Claims and Demands against Rutland. The Managing Trustee of the Asbestos Trust is responsible to perform his duties in accordance with the Asbestos Trust and to implement these Procedures. The funding for payments under these Rutland Fire Clay Company and Rutland Inc. Asbestos in Buildings Claims Resolution Procedures shall be made solely from the CNA Insurance Policies in favor of Rutland which insures AIB Claims. The face amount of the CNA Policy as of the Rutland Petition Date was \$5,000,000.

Rutland manufactured, made and sold a variety of asbestos containing products since the 1920's which included the following: (a) asbestos cement or boiler covering, (b) wallboard joint cement (c) No-Tar-In, (d) Roofing Cement No. 4, (e) Roofing Cement No. 7, (f) Aluminum asphalt coating or mobile home coating, (g) refractory cement, (h) stove lining and (k) Kwik-Kote, all of which contained asbestos chrysotile.

ARTICLE II

DEFINITIONS

Capitalized terms used herein and neither defined herein nor defined in the Trust but which are defined in the Plan shall have the meanings assigned to them in the Plan.

2.1.1 "Abatement" shall mean and refer to the removal, enclosure, encapsulation or repair

¹ Trustee shall refer to the Individual Trustee in the Asbestos Trust Agreement.

of ACM.

2.1.2 "ACM" shall mean and refer to any Rutland product or material that contained asbestos and meets the EPA definition of "Friable Asbestos Material".

2.1.3 "Applicable Jurisdiction" shall mean and refer to the jurisdiction whose laws may be the basis for determining whether a Claimant has provided Reasonable Evidence. Applicable Jurisdictions may, at the Claimant's option, be the state in which the Claimant's building is located, the state of Vermont or Illinois, and any state in which a suit filed by the Claimant was pending on the date the Reorganization Case was commenced. Should there be any controversy as to jurisdiction, jurisdiction shall be in Delaware.

2.1.4 "Approved Laboratory" shall mean and refer to a laboratory approved by the Trustee, which is competent to perform constituent analysis of bulk samples of ACM, by X-ray diffraction.

2.1.5 "Asbestos" shall mean and refer to chrysotile, amosite, crocidolite, tremolite asbestos, anthophyllite asbestos, actinolite asbestos, and any of these minerals that have been chemically treated and/or altered.

2.1.6 "Business Day" shall mean any day other than a Saturday, Sunday or a legal holiday as defined in Bankruptcy Rule 9006(a).

2.1.7 "Claimant" shall mean and refer to an individual or entity who presents an Asbestos Property Damage Claim to the Trust.

2.1.8 "Confirmation Date" shall mean and refer to the date on which the Confirmation Order becomes a Final Order as defined in the Plan.

2.1.9 "Disallowed Claims" shall mean and refer to those Claims that do not qualify for payment under the Procedures.

2.1.10 "Effective Date" shall mean and refer to the first (1st) Business Day following the date upon which the Confirmation Order becomes a Final Order, subject to the provisions of Article XI, Section 11.1 of the Plan.

2.1.11 "Facility or AIB Facility" shall mean the mechanism or system established by the Trustee for the disposition and payment of Asbestos In Building Claims pursuant to these Procedures.

2.1.12 "Governmental Unit" means any federal, state, local, municipal, foreign or provincial (a) government, (b) government agency, (c) governmental commission, (d) governmental department, (e) governmental bureau, (f) governmental ministry or (g) governmental entity.

2.1.13 "Homogeneous Area" shall mean and refer to a section of ACM installed within one

construction phase of a building that appears uniform in color, texture and appearance.

2.1.14 "Person" shall mean an individual, corporation, partnership, joint venture, trust, estate, unincorporated association, incorporated organization, governmental entity, or political subdivision thereof, or any other entity.

2.1.15 "Product Identification" shall mean and refer to Reasonable Evidence that the ACM which is the subject of a Property Damage Claim is Rutland ACM.

2.1.16 "Property Damage Claim" shall be defined as it is in the Plan, Article 1.1 (7). However, only one Claim per building shall be allowed.

2.1.17 "Property Damage Portion" shall mean and refer to the amount of funds allocated for payment of Allowed Asbestos In Buildings Claims to be paid from the Trust.

2.1.18 "Reasonable Evidence" shall mean and refer to evidence sufficient to present a jury issue under the tort system of one of the Applicable Jurisdictions.

2.1.19 "Rutland" shall mean and refer collectively to the Debtors, Rutland Fire Clay Company, a Vermont Corporation and Rutland, Inc., an Illinois Corporation.

2.1.20 "Rutland ACM" shall mean and refer to Rutland's ACM.

2.1.21 "CNA" means CNA Insurance Company, including its associated, related, subsidiary, predecessor, and successor companies.

2.1.22 "States" shall mean and refer to those fifty political units which comprise the United States of America.

ARTICLE III

ASBESTOS IN BUILDINGS CLAIMS.

The Procedures shall provide the exclusive method for the disposition and payment of Asbestos In Buildings Claims against the Trust. The goal is to provide fair payment to all persons with valid Asbestos In Buildings Claims against Rutland, taking into account the basic principles and laws of the tort system and the resources available to the Trust. The Procedures are designed to provide a non-litigated, low transaction cost method of reaching a settlement of Asbestos In Buildings Claims asserted against Rutland. As such, the Procedures pertain only and are unique to the Rutland Reorganization Case and have no applicability on any other basis and are not relevant to any litigation or other disputed proceedings.

The Procedures may be interpreted by the Trustee only where an ambiguity exists. The interpretation shall be consistent with the purpose of providing payment for the cost-effective, reasonable methods of Abatement of Rutland asbestos-containing materials and asbestos containing products. The Trustee shall consider duties imposed in the future on Claimants by applicable law or regulation in order to insure that there is no inequity, unfairness, or unjust enrichment resulting from the implementation of these Procedures. Claimants may, but need not, be represented by counsel when making an Asbestos Property Damage Claim under these procedures.

These Procedures assume that Rutland's insurance carrier, CNA Insurance Company, agrees to pay the Allowed Amount of Asbestos In Buildings Claims. If at any time, CNA does not agree, or the Trustee in his sole discretion determines that there is any doubt that CNA will pay such claims from the available insurance, then the Trustee may permit the Asbestos In Building Claimant to commence and prosecute an action joining Rutland and, if appropriate, CNA, to determine Rutland's liability and to thereupon collect and execute upon any such judgment to the extent of available insurance only (and not from Rutland's assets and property); provided that the amount the claimant may collect on such judgment from CNA shall be limited so as to be consistent with Section 524(g)(2)(B)(V).

3.1 Allowance of Asbestos In Buildings Claims.

3.1.1 Processing and Review of Property Damage Claims.

The Trustee shall use the Procedures set forth herein to process all Asbestos In Buildings Claims, as soon as possible after the Effective Date; provided, however; if at any time, CNA does not agree to, or the Trustee in his sole discretion determines that there is any doubt that CNA will, pay such claims from the available insurance, then the Trustee may permit Asbestos In Building Claimants to commence and prosecute an action joining Rutland and, if appropriate, CNA, to determine Rutland's liability and to thereupon collect and execute from CNA to the extent of available insurance coverage upon any such judgment but such Claimant shall not be entitled or permitted to collect from New Rutland any deficiency in recovery from CNA and provided that the amount the claimant may collect on such judgment from CNA shall be limited so as to be consistent with Section 524(g)(2)(B)(V). In any such action New Rutland may, but shall not be required, to defend except to perform to the extent of its obligations under its insurance policies, including to cooperate with and assist CNA. In the event CNA has agreed to these Procedures and in good faith performs its obligations under these Procedures, then AIB Claims shall be processed by the Asbestos Trust in accordance with the Procedures set forth below.

3.1.1.1 Submission of Property Damage Claims.

An Asbestos In Buildings Claim must be filed with the AIB Facility within three (3) months after an open period which shall be established by the Trustee periodically. Any Asbestos In Buildings Claim outside the open period will be disallowed for payment during the payment cycle of that open period. The Claim shall be returned to the Claimant. All Asbestos In Buildings Claims shall be submitted on the AIB Facility's Standardized Claim Form

(the "AIB Claim Form"), or such other form as the Trustee may permit, and shall include the documentation (as set forth in Paragraph 3.1.4) required to substantiate the Asbestos In Buildings Claim.

The Trustee may establish Procedures designed to reduce administrative costs, which do not prejudice Claimant's substantive rights. The Trustee also may establish guidelines to prevent abuse of the Facility's objective of providing for cost-effective and reasonable methods of asbestos abatement and control, which do not prejudice Claimant's substantive rights and which are not inconsistent with these Procedures.

3.1.1.2 Processing of Property Damage Claims.

Asbestos In Buildings Claims shall be processed in the order they are received.

3.1.1.3 Review of Asbestos In Buildings Claims.

Upon receipt of an AIB Claim Form, the Trustee of the Trust will verify that Rutland distributed the Rutland ACM to the location. If the Trustee verifies that no Rutland ACM was distributed to the location of the Claimant building(s), the Asbestos In Building Claim will be denied. If Rutland ACM was sold to the Claimant, the Asbestos In Building Claim will be submitted to the Trustee for full consideration of that Asbestos In Building Claim. Upon receipt of an AIB Claim Form, the AIB Facility shall review the AIB Claim Form to determine whether the necessary documentation (as set forth in Paragraph 3.1.4) has been submitted. If additional documentation is required in order to evaluate the Asbestos In Building Claim, the Facility shall notify the Claimant in writing of that need by first-class mail or facsimile mail. Any Asbestos In Building Claim requiring additional documentation as to which no such further documentation is provided within 60 days from the date of such notification, or such reasonable extension as may be granted by the Trustee, shall be a Disallowed Asbestos In Building Claim, provided, that, the Claimant shall have the right to request reconsideration. Nothing herein shall preclude the Claimant and the Trustee from engaging in any informal discussion(s) and/or exchange of documents prior to the Trustee's official determination of an Asbestos In Building Claim.

Once all necessary documentation pertinent to a n Asbestos In Building Claim is received, the Trustee will determine whether the Asbestos In Building Claim will be allowed. The Facility shall notify the Claimant in writing by first class mail or facsimile mail of its determination with 120 days of receipt of all necessary documentation.

Where product identification evidence under Paragraph 3.1.4 is submitted, the AIB Facility shall have the right, upon reasonable notice to the Claimant, to inspect the Claimant's building(s) or structure(s) and conduct non-invasive or non-destructive tests reasonably necessary for the evaluation of the Asbestos In Building Claim. Such inspection and/or testing shall be limited to visual inspection, photography, bulk sample collection and other such reasonable tests, and shall be done at times convenient to the Claimant and in accordance with all applicable federal,

state and local rules or regulations regarding safe practices and the Claimant's Operations and Maintenance ("O&M") Program, if any. Unless otherwise agreed, inspection or testing shall not extend the time for making a determination with respect to an Asbestos In Building Claim. For the purposes of this Section, the requirement that any testing by the AIB Facility be non-invasive or non-destructive shall not preclude securing bulk samples, provided, however, that the sampling shall be conducted in accordance with all applicable federal, state and local rules or regulations regarding safe practices and the Claimant's O&M Program, if any, and further that the AIB Facility shall repair, including cosmetically, the material from which the sample is taken, including the ACM.

3.1.1.4 Consultation With CNA

In the interest of exercising the fiduciary responsibility of Trustee in the most informed and efficient manner during the claims review process, the Trustee may, but is not required to, from time to time, request the consultation and/or seek the assistance and professional insurance claims advice of CNA and/or its legal representatives in connection with the review and evaluation of any Asbestos In Buildings Claims under consideration by the Trustee. The Trustee may at his discretion provide to CNA copies of any asbestos in building claim form(s) and supporting documentation at any time.

The Trustee may also:

- 1) As part of the administrative procedure for each individual claim in process (before determination and final disposition) provide CNA with appropriate materials such that CNA will be able to verify and ratify in writing (within twenty-five business days with requested extensions as needed) that the Trustee has adhered to all of the appropriate and required procedural matters attendant to each claim under consideration.

CNA may:

- 2) Provide advice and counsel as to any matter it may deem relevant to the claim(s) under consideration as part of its role as an advisor to the Trustee.

- 3) Nothing set forth herein or otherwise shall grant or permit CNA any substantive rights in the operation of the Trust or the manner in which the Trustee implements or enforces these Procedures, or as these Procedures may hereafter be amended.

However, the Trustee as his/her fiduciary duty requires, will make his own independent decision as to the disposition of each claim presented to the Trust consistent with these procedures and shall not be bound by any recommendation from or by CNA.

3.1.1.5 Reconsideration of Asbestos In Buildings Claim.

A Claimant shall have 30 days from the date of receipt of the AIB Facility's notice of the Trustee's official determination to file with the AIB Facility a written request for reconsideration of that determination. The Claimant must state in writing the reason(s) for seeking reconsideration and include any additional materials not theretofore submitted which the Claimant wishes to be considered in connection with the reconsideration.

Once the AIB Facility has received a request for reconsideration, the Trustee shall review the Asbestos In Building Claim, the supporting documentation, Claimant's reason for seeking reconsideration and arguments in support thereof, any newly submitted material, the notice of determination and reasons therefor, and any other relevant material. The Trustee shall have 90 days from the date of receipt of Claimant's request for reconsideration to issue a final determination.

The Trustee shall issue its final determination in writing to the Claimant. The final determination shall include a detailed, written statement supporting the Trustee's finding, as well as a full disclosure of Claimant's right to request Binding Dispute Resolution.

3.1.1.6 Binding Dispute Resolution.

A final determination upon reconsideration by the Trustee which denies in full or in part an Asbestos In Building Claim may be submitted to an arbitrator for Binding Dispute Resolution. A Claimant shall have 30 days from the date of receipt of the AIB Facility's final determination upon reconsideration to file with the AIB Facility a written request for Binding Dispute Resolution.

The AIB Facility shall maintain a list of a minimum of 5 independent arbitrators who are available to hear disputes between the AIB Facility and Claimants. Once a request for Binding Dispute Resolution is received by the AIB Facility, the AIB Facility shall, within twenty (20) days of receipt of such request, send to the Claimant the names and addresses of five (5) independent arbitrators which shall have been selected by a random process. Claimant shall have thirty (30) days from the date the list is received to strike three (3) arbitrators, and to return that information to the AIB Facility.

The AIB Facility, once it has received Claimant's choice, shall select one (1) of the two (2) potential arbitrators not stricken by the Claimant and then arrange a date on which the Binding Dispute Resolution can be commenced. The Binding Dispute Resolution shall be commenced within ninety (90) days of receipt by the AIB Facility of Claimant's choices of arbitrators. Upon confirmation of the date that Binding Dispute Resolution is to commence, the AIB Facility shall notify the Claimant in writing of the identity of the arbitrator and the date and location

of commencement of the Binding Dispute Resolution.

The arbitrator shall review the Asbestos In Building Claim de novo pursuant to the standards set forth in these Procedures. The losing party shall pay the arbitrator's fees, provided, however, that, in no event will a Claimant receive an award in an amount greater than an amount which shall be consistent with §524(g)(2)(B)(v).

3.1.2 Documentation.

No Asbestos In Building Claim shall be Allowed unless the following documentation is submitted to the Trustee in support of the Asbestos In Building Claim. Such documentation shall be sufficient to constitute Reasonable Evidence as required by these Procedures. The absence of one or more of the categories of documents set forth below shall be a bar to the allowance of a Asbestos In Building Claim, unless for reasonable cause the Trustee shall excuse compliance with such requirements. The following documents must be supplied:

3.1.2.1 Necessary Property Damage Claim Documents.

3.1.2.1.1 AIB Claim Form, describing the location, type and amount of ACM and the installation date thereof, including the certification of the information contained therein;

3.1.2.1.2 Copies of all presently existing bulk sample analysis results and/or records thereof showing that the abated material contained asbestos. The bulk sample analysis technique must be X-ray diffraction. A minimum of one sample from each Homogeneous Area for which Property Damage Claims are made must have been analyzed initially;

3.1.2.1.3 Evidence that ACM that is the subject of the Asbestos In Building Claim is Rutland ACM, which the Trustee may confirm by any method and which confirmation shall be at the expense of the Claimant. Identification of Rutland ACM may be established by all of the following:

3.1.2.1.3.1 Constituent analysis of representative bulk sample(s) showing that the ACM that is the subject of the Asbestos In Building Claim is Rutland ACM.

3.1.2.1.3.2 A sworn affidavit of an individual with personal knowledge that Rutland ACM was used in the building for which the Asbestos In Building Claim is made, setting forth the individual's conclusion that Rutland is the manufacturer, distributor or seller of the ACM and the factual basis for that conclusion; and

3.1.2.1.3.3 Documentation evidencing that Rutland ACM was used in the building for which the Asbestos In Building Claim is made including, without limitation, sales invoices; purchase orders; architectural specifications and records; bid documents;

contracts and subcontracts; change orders; material approvals; maintenance, repair, and renovation records; complaints to contractors; installation records; advertisements; insurance Claims; supplier records; documents from discovery in lawsuits; and Rutland's records. For this purpose, a specification without some additional substantiating proof that Rutland ACM was used shall not sustain an Asbestos In Building Claim.

3.1.3 Allowed Asbestos In Buildings Claims.

3.1.3.1 Asbestos In Buildings Claims resulting from the use of Rutland ACM will be allowed in an amount set by the Trustee. The Trustee may pay, negotiate, and compromise Allowed Asbestos In Buildings Claims up to a maximum payment per building containing Rutland ACM but only in a manner consistent with these Procedures and §524(g)(2)(B)(v).

When any Asbestos In Building Claims is asserted the Trustee shall as may be appropriate, determine the maximum amount such claim may be allowed for consistent with and in compliance with Section 524(g) of the Bankruptcy Code. The Trustee may retain and rely upon the advice of professionals in determining such amounts.

The Trustee may not negotiate or compromise Asbestos In Buildings Claims if the Claimant has not submitted Reasonable Evidence that its building(s) contains Rutland ACM which is subject to Abatement.

3.1. Disallowed Asbestos In Building Claim . The Trustee will disallow any Asbestos In Building Claim:

3.1.4.1 for punitive and/or enhanced damages; provided, however, in the event an Asbestos In Building Claimant is permitted to pursue its claim in Court as provided in Article II above, then this Section 3.1.4.1 shall not apply;

3.1.4.2 by Claimants where there has been a prior, judicial final determination or stipulation that the ACM for which the Asbestos In Building Claim was filed is not Rutland ACM;

3.1.4.3 by Claimants where the Claimant has previously received payment in another proceeding for such ACM upon proof that the ACM was the product of a manufacturer other than Rutland;

3.1.4.4 for which Rutland is not legally responsible under applicable law; or

3.1.4.5 when the Trustee has made a determination that Rutland has not distributed Rutland ACM to the subject location.

3.1.5 Payment of Allowed Asbestos In Building and Administrative Expense.

3.1.5.1 The Trustee shall send an invoice to CNA for each Allowed In Building Claim. CNA shall 30 days to pay the invoiced amount.

3.1.5.2 Each year CNA shall pay into the Trust an amount sufficient to pay those Asbestos In Buildings Claims allowed by the Trustee that year. However, the total amount that CNA shall be liable to pay for all Allowed Property Damage Claims shall be limited to all remaining insurance proceeds payable under the policies it issued to and/or in favor of Rutland insuring claims concerning Asbestos In Buildings.

3.1.5.3 In the event CNA fails to timely pay the amounts due pursuant to 3.1.5.1, then the Trust and/or the AIB Claimant may pursue all legal and equitable remedies they may have.

RUTLAND FIRE CLAY COMPANY, a
Vermont Corporation, and
RUTLAND, INC., an Illinois Corporation

By: _____
Thomas Martin, President

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Exhibit 5
New Rutland Pro Forma Balance Sheet as of November 30,
2000

New Rutland Projected Balance Sheet

ASSETS	November 30, 2000
CURRENT ASSETS	3,300,000
FIXED ASSETS	1,250,000
OTHER ASSETS	65,000
TOTAL ASSETS	4,615,000
LIABILITIES	
CURRENT LIABILITIES	1,700,000
LONG TERM LIABILITIES	525,000
TOTAL LIABILITIES	2,225,000
TOTAL CAPITAL	2,390,000
LIABILITIES & CAPITAL	4,615,000

Exhibit 6
New Rutland Projected Financial Statements for the period
November 30, 2001 through November 30, 2005

Exhibit 6
Rutland Fire Clay Company
Current Year and Five Year Projection

	FY 2000 Projection	FY 2001 Projection	FY 2002 Projection	FY 2003 Projection	FY 2004 Projection	FY 2005 Projection
Net Sales	\$8,000,000	\$8,500,000	\$8,800,000	\$9,000,000	\$9,100,000	\$9,200,000
Material Costs	\$3,910,000	\$4,165,000	\$4,312,000	\$4,410,000	\$4,459,000	\$4,508,000
Direct labor	\$165,000	\$170,000	\$176,000	\$180,000	\$182,000	\$184,000
Total direct cost	\$4,075,000	\$4,335,000	\$4,488,000	\$4,590,000	\$4,641,000	\$4,692,000
Total Manufact'g. Overhead Exp.	\$560,000	\$595,000	\$616,000	\$630,000	\$637,000	\$644,000
Total Cost of Goods Sold	\$4,635,000	\$4,930,000	\$5,104,000	\$5,220,000	\$5,278,000	\$5,336,000
Gross Profit	\$3,365,000	\$3,570,000	\$3,696,000	\$3,780,000	\$3,822,000	\$3,864,000
Total Freight, Sales, Adm. Expenses	\$2,800,000	\$2,921,000	\$3,012,800	\$3,074,000	\$3,104,600	\$3,135,200
Operating Profit	\$565,000	\$649,000	\$683,200	\$706,000	\$717,400	\$728,800
Total Other Income	\$90,000	\$85,000	\$88,000	\$90,000	\$91,000	\$92,000
Total Other Charges	\$215,000	\$225,000	\$240,000	\$250,000	\$255,000	\$260,000
Net Profit	\$440,000	\$509,000	\$531,200	\$546,000	\$553,400	\$560,800

Exhibit 7

New Rutland Projected Cash Flows for the period
November 30, 2001 through November 30, 2005

Exhibit 7
RUTLAND FIRE CLAY COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS, FIVE YEAR PROJECTION
INCOME TAX BASIS, ASSUMING CONFIRMATION IN NOV 2000
YEARS ENDED NOVEMBER 30

CASH FLOWS FROM OPERATING ACTIVITIES:	30-Nov-00	30-Nov-01	30-Nov-02	30-Nov-03	30-Nov-04	30-Nov-05
Net Income	440,000	509,000	531,200	546,000	553,400	560,800
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization	125,000	130,000	135,000	135,000	135,000	135,000
(Gain) Loss on disposal of land/equipment						
Loss on disposal of trademark						
Minority interest in net income of subsidiary						
Changes in:						
Accounts receivable	(600,000)	(20,000)	(20,000)	25,000	20,000	20,000
Inventories	(350,000)	220,000	50,000	20,000	10,000	10,000
Prepaid expenses						
Income taxes receivable	50,000	(50,000)	0	0	0	0
Accounts payable	400,000	(50,000)	0	0	0	0
Payroll withholdings						
Accrued Profit Sharing	40,000	15,000	5,000	2,000	1,000	1,000
Income taxes payable	(65,000)					
Other current and accrued liabilities	5,000	0	0	0	0	0
Liabilities subject to compromise	(78,409)					
Net cash provided by operating activities	<u>(33,409)</u>	<u>754,000</u>	<u>701,200</u>	<u>728,000</u>	<u>719,400</u>	<u>726,800</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions to property and equipment	(225,000)	(400,000)	(125,000)	(125,000)	(125,000)	(125,000)
Additions to trademarks	(15,000)	(10,000)	(5,000)	(5,000)	(5,000)	(5,000)
Net cash provided (used) by investing activities	<u>(240,000)</u>	<u>(410,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Borrowings: Short-Term	1,250,000	1,100,000	1,100,000	1,000,000	1,100,000	1,100,000
Debt Reduction: Short-Term	(900,000)	#####	#####	#####	#####	(1,100,000)
Borrowings: Long-Term		250,000				
Principal Payments: Trust	(100,000)	(400,000)	(531,200)	(546,000)	(553,400)	(560,800)
Principal payments: Long-Term	(40,000)	(23,000)	(35,000)	(40,000)	(45,000)	(50,000)
Net cash provided (used) by financing activities	<u>210,000</u>	<u>(373,000)</u>	<u>(566,200)</u>	<u>(586,000)</u>	<u>(598,400)</u>	<u>(610,800)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(63,409)	(29,000)	5,000	12,000	(9,000)	(14,000)
BEGINNING CASH AND CASH EQUIVALENTS	<u>129,624</u>	<u>66,215</u>	<u>37,215</u>	<u>42,215</u>	<u>54,215</u>	<u>45,215</u>
ENDING CASH AND CASH EQUIVALENTS	<u>66,215</u>	<u>37,215</u>	<u>42,215</u>	<u>54,215</u>	<u>45,215</u>	<u>31,215</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION						
Cash paid during the year for:						
Interest	<u>100,000</u>	<u>120,000</u>	<u>163,000</u>	<u>160,000</u>	<u>158,000</u>	<u>155,000</u>
Income Taxes	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Professional fees related to Chapter 11 reorganization	340,000	109,000				

Exhibit 8
Rutland Fire Clay Company and Rutland Inc. Unaudited
Consolidated Balance Sheet
for the period November 30, 1997 through November 30, 1999

Exhibit 8

**RUTLAND FIRE CLAY COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES
INCOME TAX BASIS - 3 YEAR HISTORICAL DATA
Year Ended November 30**

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Net Sales	\$5,367,896	\$4,891,848	\$4,315,527
Cost of Goods Sold	3,040,093	2,820,397	2,516,050
Gross Profit	2,327,803	2,071,451	1,799,477
Expenses			
Selling	677,158	623,119	598,097
Freight - Outbound	338,762	298,539	260,624
Administrative	804,673	764,491	638,060
Total Expenses	1,820,593	1,686,149	1,496,781
Operating Profit	507,210	385,302	302,696
OTHER INCOME (Expense)			
Purchase discounts, interest, etc.	108,803	99,313	52,673
Gain on sale of assets	61,164		25,650
Cash discounts, bad debts, etc.	(173,903)	(174,747)	(137,414)
Interest expense	(72,560)	(72,127)	(65,288)
Profit Sharing	(92,925)	(47,516)	(25,906)
INCOME BEFORE INCOME TAXES	337,789	190,225	152,411
Less: Reorganization Items - legal costs	79,448		
Less: Income Taxes	134,397	69,783	49,249
INCOME BEFORE MINORITY INTEREST	123,944	120,442	103,162
Minority interest in net income of subsidiary	(68)	(84)	(3,764)
NET INCOME	123,876	\$ 120,358	99,398

**RUTLAND FIRE CLAY COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
INCOME TAX BASIS - 3 YEAR HISTORICAL DATA
Year Ended November 30**

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Current Assets	\$2,416,242	\$2,481,064	\$2,045,870
Net - Property and Equipment	1,046,708	1,192,299	1,247,514
Intangibles including trademarks	42,423	39,062	55,020
Total Assets	3,505,373	3,712,425	3,348,404
Current Liabilities	769,132	1,603,625	767,599
Liabilities subject to compromise	78,409		
Long Term Debt	549,425	124,337	691,524
Minority Interest	1,051	983	48,160
Shareholder's Equity	2,107,356	1,983,480	1,841,121
Total Liabilities and Shareholder's Equity	\$3,505,373	\$3,712,425	\$3,348,404

Exhibit 9
Chapter 7 Liquidation Analysis

EXHIBIT 9
LIQUIDATION ANALYSIS

ASSET

	Estimated November 30, 2000	Estimated
	Book Value	Liquidation Value
CASH	100,000	100,000
ACCOUNTS RECEIVABLE	1,800,000	1,700,000
INVENTORIES	1,400,000	325,000
REAL ESTATE	1,150,000	850,000
MACHINERY & EQUIPMENT	900,000	275,000
MISC. OTHER ASSETS	50,000	20,000
TOTAL ASSETS	5,400,000	3,270,000

LESS EXPENSES

ACCOUNTS PAYABLE	750,000
NOTES PAYABLE	1,100,000
ACCRUED COMMISSION	100,000
AUCTIONEER EXPENSE - 10% of Inv., R.E., Machinery	145,000
MISC. OTHER EXPENSES - Taxes, PBGC, etc.	250,000
MORTGAGE-LONG TERM	525,000
	2,870,000

NET PROCEEDS OF ***\$400,000**
LIQUIDATION before Asbestos
Related Claims

Asbestos Related Liability \$20,794,000

Net available to Creditors on
Liquidation Less than 2% of
allowed claims

*As of the date of the filing, there were more than 37,000 pending asbestos claims filed against the Debtors. Under a report prepared for the Debtor in 1996, the Debtors were then paying an average of \$562 per claim and the total potential claims already in the marketplace was \$54,000,000.00. The potential future claims as estimated in the 1996 report was \$13,000,000 and the estimated total liability for Rutland was \$67,000,000.00. In addition, in the years preceding the commencement of the Chapter 11 proceedings, increasing numbers of lawsuits were filed. More recently, as of 1999, the Debtors settlement experience with respect to Asbestos Related Claims was to pay increasing amounts. Thus, based upon a pending 37,000 + lawsuits in 1999, the Debtors faced liability and settlement exposure exceeding \$20,794,000.00.

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Exhibit 10
Resume of Sylvester F. Miniter, III

CURRICULUM VITAE

SYLVESTER FRANCIS MINITER, III

CITIZENSHIP: Ireland (Eire) Passport No. M147503 Exp. 15 Jan 2001
United States Passport No. 152162553 Exp. 11 Jan 2005

EDUCATION: B.SC. Electrical Engineering/Physics
Massachusetts Institute of Technology

M.SC. Electrical Engineering/Physics
Polytechnic Institute of New York

NOVEMBER 1998 TO PRESENT:

- ** Involved in Asbestos Chapter 11 Manufacturing Company as proposed Sole Trustee of Delaware Business Trust which will be the owner of the Company as the Company emerges from its Chapter 11 Proceeding. Structured form of Settlement Trust, negotiated with DIP/Asbestos Claimants Committee/Insurance Company, set up Delaware Business Trust Structure and negotiated New Business Alliance for DIP to ensure success of Company after exit from Chapter 11.
- ** Involved as Consultant and Proposed Trustee in a Chapter 11 Asbestos Bankruptcy to provide Consulting Services to the Debtor-In-Possession And the Asbestos Creditors Committee with respect to the Feasibility, Framework, Terms and Conditions of Possible Plans of Reorganization for the Debtor.

1997 TO PRESENT

Gateway Intermedia Group LLC

- ** Serving as Chief Executive Officer (C.F.O.) and Co-Owner of Media Company (print and internet). Responsible for the General Management of the Company.

1996 TO 1997

Fox Music House, Inc.

- ** Served as Chief Executive Officer (C.F.O.) of a multiple location Retail Store Chain. Directed the Financial/Business Recovery of a Six Million Dollar distressed Business as a “Workout Specialist”

1994 TO PRESENT

Magnolia Cemetery Trust

- ** Serving as Chairman of Investment Committee of Historic Charlestown, South Carolina Landmark Trust. Responsible for Recovering Trust from a Substantial Financial Loss Situation to a (currently) very stable and profitable financial condition as a “Workout Specialist”.

1989 TO 1991

IBM Essonnes, France

- ** U.S. Laboratory Liaison Manager for France/Germany/U.K. for Cmos Logic Programs for Multi-Site Chip Product Development. Many of the Logic Product Programs in the “ASIC” or more commonly known “Design System Products” were typically a Multi-site, Multinational Development Activity requiring the close cooperation of many different groups in multiple Countries. Mr. Minter has had over twenty years of experience in this area and is a Citizen of the European Community as well as the United States. He is very familiar with the French and German Chip Development Teams and was responsible for the design of many products currently being manufactured in the Essonnes Wafer Fabrication Lines (CMOS 2 through CMOS 4 Bifet Logic).

1980 TO 1989

IBM Burlington, Vermont

- ** Manager of ASIC Product Development (CMOS 1 through CMOS 4S and Bifet Logic Technology). Directed High Technology Design Groups in the Development of “Application Specific Integrated Circuit” Chips (Asics), and “Design System” Logic. This Design Activity was always the source of the first product for each new CMOS Process in IBM Burlington. This Logic Product Family is still a very important Business in IBM.

1970 TO 1980

IBM Manassas, Virginia

- ** Manager of Memory and Logic Product Development.

Directed the Design of the First High Technology Silicon Chip

Memory and Logic Products for a newly built facility. These products from the original “Emerald Program” were Industry Leader Products.

The Design Techniques developed in Manassas during these early years set the tone for Logic Chip Product Design Techniques “Industry Wide”.

1968 TO 1970

IBM Gathersburg, Maryland

** Member of the Technical Staff

Research in Microwave Satellite Antenna Design for the ATS-F&G (Application Technology Satellite series “F&G”).

These Satellites were launched in the 1970's and remained in service until the late 1980's.

1965 TO 1968

IBM T.J. Watson Research Lab, New York

** Member of the Technical Staff

Research/Development of Solid State Lasers for Communication/ Data Applications. Developed Techniques for Pulsed (Cryogenic Temperature) Operation of Gallium Arsenide Injection Lasers for Communication Applications. These early devices were the Precursors of the devices used in CD-Rom and Laser Disks today.

1960 TO 1965

RCA David Sarnoff Research Labs, Princeton, New Jersey

** Member of the Technical Staff

Research/Development of High Speed Semi-Conductor Devices for Microwave Communication Applications.

Research/Development of Electro-Optic Light Modulators for Solid State and Gas Lasers.

SUMMARY:

Strong Technical Management and General Management Skills in Broad Technical and Business Areas.

Strongest Areas are Associated with Technology Start-Ups or Distressed Businesses which require “Quick Learning Curve”, Involvement and Intelligent, Aggressive Leadership Skills.

REFERENCES UPON REQUEST

RESIDENCE: S.F. Minister, III
144 Broomsledge Lane
Kiawah Island, South Carolina, USA
29455-5515

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Fax: (843) 768-6769

E-Mail: SMINITER@WOD.COM